Overview of Benefit Programmes

Reprint from Statistical Yearbook of the Social Insurance Institution

2007

The Social Insurance Institution of Finland

Kela

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Contents

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Pension beneficiaries[1])	**778,800**
Old age pension	466,400
Disability pension	157,400
Unemployment pension	21,200
Survivors' pension	31,000
Other pension	102,800
Recipients of disability benefits[1])	**63,500**
Child disability allowance	36,000
Disability allowance	27,500
Health insurance beneficiaries	
Sickness allowance[2])	347,800
Parenthood allowance	152,300
Refunds of general health services expenses	4,063,000
Recipients of rehabilitation benefits	**105,300**
Rehabilitation services	87,800
Rehabilitation allowance	59,000
Recipients of basic unemployment allowance or labour market subsidy[1])	**116,100**
Basic unemployment allowance	16,200
Labour market subsidy	99,900
Recipients of labour market training subsidies	**6,400**
Child benefit recipients (no. of children)[1])	**1,024,500**
Recipients of child day care subsidies (no. of families)[1])	**88,200**
Households receiving general housing allowance[1])	**142,200**
Recipients of financial aid for students (December)	**230,500**
Recipients of school transportation subsidy (December)	**32,300**

[1]) At year-end.
[2]) Not including persons who received exclusively partial sickness allowance or sickness allowance under the YEL Act.

		2008*
Total expenditure (€ million)	**10,869.4**	**11,524.0**
Total benefit expenditure (€ million)	**10,517.7**	**11,144.3**
Pension benefits	2,813.0	2,865.0
Disability benefits	108.3	405.1
Health insurance benefits	3,403.8	3,683.2
Rehabilitation benefits	295.8	305.3
Unemployment benefits	877.7	827.9
Maternity grants and child benefits	1,421.7	1,409.8
Child day care subsidies	394.4	420.8
General housing allowances	430.7	430.4
Benefits for students	714.0	739.9
Other benefits	58.3	56.9

* Estimate from 10 November 2008

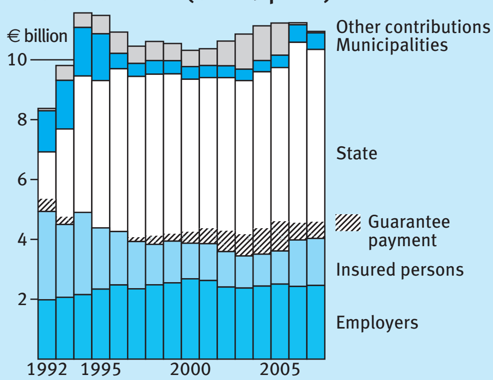
		2008*
Income (€ million)	**10,953.3**	**11,486.2**
Insured population	1,521.6	1,548.6
Employers	2,463.3	2,489.7
State	6,315.8	6,801.1
Municipalities	553.2	535.3
Wage and salary earners (unemployment insurance contributions)	48.4	33.0
Other	51.0	78.5

* Estimate from 10 November 2008

Branch offices (at year-end)	**304**

Total benefit expenditure in proportion to	
total wage and salary bill (%)	15.4*
gross domestic product (%)	5.9*
Total benefit expenditure (excl benefits for students)	
% of social welfare expenditure	21.5*

Kela's total income (at 2007 prices)



1 Social protection in Finland and the role of the Social Insurance Institution (Kela)

1.1 General

Social policy, social security. Social policy is shaped by society and the prevailing social standards. According to a widely accepted definition, social policy is a means of providing for all citizens a reasonable standard of life and living. Aside from social protection, social policy can be understood to encompass aspects relating to labour, health, housing, alcohol, and education policies. Social protection can take the form of either cash benefits (income maintenance) or services.

The aim of social protection is to provide, for individuals as well as families, an income security against *a number of risks and hardships*, including those related to health, work disability and functional incapacity, old age, death of a breadwinner, family and children, unemployment, housing and social exclusion.

The development, targeting and financing of social policy may be examined by means of *social expenditure calculations*, which show the yearly expenditures on social and health security benefits based on law or labour market agreement. (Of the benefits provided by Kela, student financial aid and school transportation subsidy have not been included in the calculations.)

The social security programmes administered by Kela. The Social Insurance Institution of Finland (Kela) is one of the bodies carrying out Finnish social security. It is a public agency operating under parliamentary supervision.

Kela is responsible for implementing social security programmes that give protection, in a variety of life situations, to everyone living in Finland, including National Pension Insurance, National Health Insurance, rehabilitation benefits, basic unemployment protection, income maintenance benefits for families with children, general housing allowances, student financial aid and school transportation subsidies. In addition, Kela administers various disability benefit programmes and provides conscripts' allowances and various benefits for immigrants.

Kela has a nationwide network of offices, 304 in all, to carry out its duties.

The first section of the Summary is aimed at giving a picture of Kela's social security provision as part of a larger whole.

1.2 Pension provision

Pension schemes

Total pension cover. The Finnish pension system consists of two statutory pension schemes providing *employment pensions* and *national pensions*, respectively. Together, these two schemes make up the retirement income security system which provides pensions in respect of old age, incapacity for work, long-term unemployment and death of the provider. There are a number of additional laws that provide for pension security in specific contingencies.

The employment pension system changed at the beginning of 2005. The changes were aimed at increasing the effective age of retirement and adjusting pensions to longer life expectancies. The changes have no effect on pensions granted before 2005. New pension accrual rules have been applied since the beginning of 2005. In the initial years, the rules are designed to give preferential treatment to persons born in the 1940s. While the changes will take several decades to become fully effective, they had some impact on the national pension system right away in 2005.

One result of the changes has been to loosen the links between the employment pension and national pension systems. Due to the introduction of asynchronous pensionable ages across the two systems, situations where a person receives a different category of pension benefit from each system have become more common.

In this Yearbook, the term “employment pension” is used to refer to the pensions paid to wage and salary earners, civil servants, and self-employed persons.

Employment pensions can be granted to persons with past earnings from dependent or independent employment. *National pensions* are paid in proportion to any other pension income to which the recipient may be entitled. In practice, it is only granted to those who either do not qualify for any other type of pension or whose pension income is small. Generally, all residents of Finland are guaranteed a total retirement income that is at least equal to the full national pension.

National pension cover. The *national pension* is intended to secure the basic livelihood of pensioners whose other pension income is small or non-existent. A reform of the legislation on national pensions became effective on 1 January 2008. Until the end of 2007, national old age, disability and unemployment pensions included a pension-tested component and various other components. A national pension could also consist entirely of various formerly supplementary components (e.g. housing allowance, care allowance, front-veterans’ supplement and increase for children).

National survivors’ pensions are paid in the form of spouses’ and orphans’ pensions, which can include a basic amount, an additional amount and a housing allowance (not available with orphans’ pensions). Both national pensions and national survivors’ pensions are paid out by Kela.

Employment pension cover. The purpose of the employment pensions is to enable the pensioners to maintain their accustomed standard of living. The amount of the pension is linked to the length of the pensioner’s employment history and the amount of previous earnings. Employment pension accrues separately from each employment relationship and period of self-employment. The rate of accrual increases the longer one remains employed.

Since 1 January 2005, employment pension has been accrued also for time spent on earnings-related daily allowance or child home care allowance as well as from studies.

Following the 2005 reform, employment pensions are no longer being coordinated to each other. This means that an employment pension may now exceed 60% of previous earnings.

The employment pensions system is comprised of several public- and private-sector pension schemes. They are defined in Acts of Parliament providing for pensions for employees in general (Employees' Pensions Act, or TEL), temporary employees (LEL), the self-employed (YEL), farmers (MYEL), seamen (MEL), performing artists (TaEL), state employees (VEL), local government employees (KuEL), and employees of the Evangelical-Lutheran Church of Finland (KiEL). Also included under employment pensions are various pensions paid by the state and local governments on the basis of earlier pension provisions as well as pensions paid by a number of public institutions. With a view to streamlining the legislation while leaving the content of the Acts unchanged, the TEL, LEL and TaEL Acts were consolidated into a single Employees' Pensions Act (TyEL), which became effective on 1 January 2007. A number of changes largely of a technical nature were also made to the YEL, MYEL and MEL Acts. Finally, the VEL Act was superseded by a new State Employees' Pensions Act (VaEL) on 1 January 2007.

The pensions paid under the employment pensions legislation include old age, disability, unemployment, part-time and survivors' pensions.

Voluntary pension cover is considered to include all supplementary pensions registered according to Section 11 of TEL as well as unregistered supplementary pensions paid by pension foundations and funds, all of which are aimed at providing a higher pension cover.

The employment pension system is implemented by the employment pension institutions (private-sector pensions), and by the State Treasury and the Local Government Pensions Institution (public-sector pensions). The Finnish Centre for Pensions is a central organization of the employment pension institutions.

Special pension cover. *Special pensions for agricultural entrepreneurs* are intended to secure the livelihood of farmers who give up farming. These pensions are defined in the following Acts of Parliament: Act respecting Farm Closure Subsidy (LUTUL), Change-of-Generations Pensions Act (SPVEL), Farm Closure Pensions Act (LUEL), and Act respecting Farm Closure Compensation (LUKL). New pension awards are made according to the Act respecting Farm Closure Subsidy, which will expire at the end of 2010.

Further pension cover under the *Accident Insurance*, *Motor Insurance*, *Military Injuries*, *and Military Accidents Acts* as well as other comparable retirement benefits (life annuities, assistance pensions) are aimed at protecting the recipient's livelihood in the event of the specific contingencies which they cover.

Financing

Pension expenditure by Kela was in 2007 financed with contributions from employers to the National Pension Insurance and with state subsidies.

The pensions for employees are financed by both employers and the insured, the farmers' and change-of-generations pensions by the farmers and the state, and the farm closure compensations and pensions by the state alone. Farm closure subsidies for the years 1995–1999 were financed by the state and the European Union, while the subsidies for the years 2000–2007 are funded by the state. Self-employed persons' pensions are financed by the insured and the state; seamen's pensions by the insured, the shipowners, and the state. The state, local government and church employees' pensions are paid out of the relevant public funds, though the insured also contribute. Since 1 January 2005, the state also covers the pension accrual for periods of study and child care.

Accident insurance cover is financed by the employers, while farmers' accident insurance is financed by farmers, the state, and Kela. Motor insurance cover is financed by vehicle owners. The military injuries and accidents compensations are paid by the state.

The financing of the pension schemes administered by Kela is based on the *pay-as-you-go* principle (meaning that pension benefits are financed with current revenues). Nearly all of the public- and private-sector employment pensions are partly *funded*.

Statistics

Each pension institution is responsible for compiling statistics on the pensions it provides. As a single individual may receive a pension under several different Acts, Kela and the Finnish Centre for Pensions also compile joint statistics on the total number of pensioners and their total pension income from various sources. These joint statistics cover pensions provided by Kela, employment pensions (TEL, YEL, MYEL, MEL, VEL, VPEL, KuEL, KVTEL), state and local government employees' old-type pensions, church employees' pensions, and the employee pensions of the Bank of Finland, Kela, and the Province of Åland, as well as special farmers' pensions (LUTUL, SPVEL, LUEL, LUKL).

National pensions consisting entirely of a housing allowance, care allowance, front-veterans' supplement or increase for children are not counted in the joint statistics as national pensions, as they are in Kela's own statistics. This applies also to payments supplementing the special assistance to immigrants or the pension assistance for the long-term unemployed. For pensioners with an employment pension, the expenditure on such benefits is included in employment pensions.

Recipients of pensions paid under the Accident Insurance, Motor Insurance, Military Injuries and Military Accidents Acts are included in the joint statistics provided that they also receive a national or employment pension. The same rule for inclusion applies to the pensions paid under these Acts when presented as a share of total pension income. Data on private pensions are not included in the joint statistics.

In the joint statistics, the category "new recipients of a pension" includes first-time recipients and those who have not received a pension for two years or more. This definition differs from that used in Kela's own statistics, in which the category includes both first-time recipients and those previous recipients whose last pension ended at least one month ago.

1.3 Disability benefits

The disability benefits are aimed at helping persons with disabilities manage better in their lives. They can take the form of cash benefits or services.

Financial benefits. The disability benefits paid by Kela are intended to compensate the recipients for the handicap and financial strain imposed by the disability. Depending on the recipients' circumstances, Kela can pay child disability allowance, disability allowance (for recipients of working age), or pensioners care allowance.

Under the Employment Accident Insurance Act, the Third-Party Motor Insurance Act and the Military Injuries Act, persons with disabilities are eligible for injury or helplessness supplement. Further, under the Act on Services for the Disabled, they have a right to local authority benefits awarded towards the expenses arising from the disability.The municipalities may also provide a home care allowance for persons with disabilities (payable to family members).

Services. Under the Act on Services for the Disabled, municipalities are required to arrange services for the disabled, who can also make use of home help, housing services, services for the mentally disabled, as well as rehabilitation services provided by various bodies, among them Kela.

1.4 Health security

Health care. By means of health care, society aims at systematically promoting and maintaining the good health of the population. As a health-promoting measure, public funds are used to provide health services and to compensate people for the costs arising from the use of the services. Public health services are subsidized with public moneys.

In this Yearbook, health care is considered to encompass hospital care, ambulatory care, provision of medication as well as medical equipment and aids, environmental health, health care administration, public investments, and the transportation expenses reimbursed by National Health Insurance. Health care is primarily financed by the state, municipalities, National Health Insurance, and private households.

National Health Insurance provides reimbursement for the costs of outpatient care in connection with illness, pregnancy and childbirth. The costs include doctors' and dentists' fees, prescribed medication, the examinations and treatment ordered by a physician or a dentist at a private institution, as well as transportation costs arising from the treatment of the illness. In addition, National Health Insurance provides part of the funds for occupational and student health care.

Public health care expenditure comprises the financial contributions of the state, municipalities and National Health Insurance to the health services. Besides these contributions, the *total health care expenditure* includes also the private contributions to health care (e.g. the health expenses of private households).

Income maintenance during illness. *National Health Insurance* provides compensation, in the form of a sickness allowance, for loss of income due to temporary incapacity for work. Further, it provides a compensation for loss of income to the parents of a sick child during the treatment and rehabilitation of the child. *The Employment Accident Insurance Act*, the *Third-Party Motor Insurance Act* and the *Military Injuries Act* require that daily allowance be paid during illness to persons covered under these acts. According to special provisions, compensations may be paid for loss of income due to certain injuries or damages. *Private* insurances can provide an additional income security for times of illness.

Agricultural entrepreneurs may be entitled to an allowance from their pension provider for part of the waiting period that must be completed before qualifying for sickness allowance under the National Health Insurance. Since the beginning of 2006, this provision has applied to other entrepreneurs as well. Sickness allowances under the Self-Employed Persons Pensions Act are paid out by Kela.

Under the Contracts of Employment Act, employers provide *full* pay during the initial period of illness, during which the sickness allowance is not yet payable. Collective bargaining agreements often prescribe longer periods of continued pay during illness.

A partial sickness allowance aimed at supporting the return to work following a lengthy sick leave was introduced in 2007. It is paid by Kela.

1.5 Rehabilitation

The purpose of rehabilitation is to help to maintain and improve the rehabilitation client's functional status and work capacity. Various organisations offer rehabilitation services, either independently or in partnership with an outside service provider. Clients undergoing rehabilitation measures may also be eligible for income maintenance benefits.

Rehabilitation services are offered by a wide variety of organisations, and distinguishing rehabilitation from other activity can be difficult as it in many ways overlaps with health care, social services, education and labour administration. When different services are provided within an integrated framework, it is nearly impossible to separate rehabilitation from other services.

The most recent data on total expenditure on rehabilitation in Finland are from 2000 (they were used as background material for the Council of State's report on rehabilitation of 6 March 2002). They mainly cover the statutory spending on rehabilitation, including rehabilitation expenditure within the municipal health care and social services sectors, expenditure by Kela and the pension providers administering the statutory earnings-related pensions scheme, and expenditure under the employment accident and motor insurance schemes. They also cover the cost of income maintenance during rehabilitation, the provision of rehabilitation services for war veterans, the services provided by the labour and education administrations, and rehabilitation subsidies from the Finnish Slot Machines Association. Also included in the data are some investment and capital improvement expenditures and outlays for rehabilitation research. The total expenditure on rehabilitation in 2000 was an estimated €1,213 million, a little less than one fifth of which was spent by Kela (for a more detailed analysis in a graphical format, refer to the Statistical Yearbook for 2005).

Kela as a rehabilitation provider. Kela has a statutory responsibility to provide its clients with access to rehabilitation services and to assure their financial security during rehabilitation. However, Kela's rehabilitation mandate is secondary to the provision of rehabilitation services under the Acts on Accident Insurance, Motor Insurance, Military Injuries and Military Accidents. The employment pension providers have primary responsibility for the provision of rehabilitation services to persons who are or could potentially be economically active.

1.6 Unemployment benefits

The two principal forms of income protection in the event of unemployment are unemployment allowances and labour market subsidies. Older workers have for several years been eligible for unemployment pension, which is now being phased out and is no longer being granted to persons *born in 1950 or thereafter*. Provided certain conditions are met, these persons are eligible for unemployment allowance. Once they reach the age of 62, they may choose either to continue receiving unemployment allowance or to retire on an old-age pension. Persons *born in the 1940s* will still have the right for extended unemployment allowance from the age of 57 and for unemployment pension from age 60. Unemployment pensions are discussed in the pensions section of this Yearbook.

Persons on leave from their regular job can qualify for a *job alternation compensation*. Financial assistance is also available to unemployed persons who undergo *labour market training* or pursue *self-motivated studies*. Unemployed persons' employment prospects and job search motivation are also supported by means of *rehabilitative work activity*. Their ability to find work outside their area of residence is promoted by means of a *travel allowance* scheme. Mobility assistance is provided to subsidise search for employment outside one's principal commuting area.

On 1 May 2005, a new benefit called pension assistance for the long-term unemployed was introduced for older workers who have been unemployed for a long time. It consists of the recipient's accrued benefits under the employment pension scheme and a supplementary national pension.

Measures collectively referred to as "change security" are available to employees dismissed on economic or production-related grounds. They consist of increases to the unemployment allowance. In the case of bankruptcy of an employer, any *outstanding wages* and *salaries* are covered by the state. Employers as well as unemployed persons are supported through a number of measures with a view to promoting employment.

Unemployment allowance and labour market subsidy. Unemployment allowance is payable under *two* different schemes, the basic unemployment allowances scheme, which is implemented by Kela, and the earnings-related unemployment allowances scheme, which is implemented by unemployment funds. Kela is also responsible for the payment of labour market subsidy to those who are not eligible for unemployment allowance.

The *basic* unemployment benefits administered by Kela are designed to ensure a minimum standard of living during unemployment (further details on p. 29).

The *earnings-related* allowance is paid to unemployed fund members who fulfil specified membership and employment conditions. The calculation basis of the benefit is previous earnings, and it is payable for a maximum of 500 days. If the recipient finds employment and works long enough to again satisfy the employment condition, the full 500-day entitlement is restored. Unemployed persons born before 1950 can be paid earnings-related unemployment allowance until they reach the age of 60 years, if they were at least 57 years old when they reached the 500-day entitlement maximum. Unemployed persons born in 1950 or later can be paid unemployment allowance until the age of 65 years if they were at least 59 years old upon reaching the entitlement maximum and have at least 5 years of employment within the previous 20 years. An unemployed person whose earnings-related unemployment allowance has been discontinued can claim labour market subsidy.

Labour market subsidies are financed by the state until the time when a recipient has been paid labour market subsidy on account of unemployment for 500 days, after which the financing is shared equally between the state and the recipient's home municipality. Labour market subsidies paid during participation in labour market activation measures are financed entirely by the state.

The basic unemployment allowances are financed by the state and by wage earners. The financing of the earnings-related allowances is shared between the state, employers, wage earners and fund members.

Job alternation compensation. Job alternation compensations are paid to workers who go on leave for a specified period and whose employer hires an unemployed person as a replacement. After the leave, they can return to their regular job or some other comparable position. The compensations are paid by both *unemployment funds* (to fund members) and by *Kela*. They are financed in the same way as unemployment allowances.

Labour market subsidy payable to employers in combination with a wage subsidy. For the purpose of re-employing a long-term unemployed person, labour market subsidy can be paid to employers either alone or in combination with a government wage subsidy. The labour market subsidy is paid by Kela (though financed by the state like other employment promotion measures), and the wage subsidy by the employment office.

These combination subsidies were phased out at the end of 2007. They are replaced by a wage subsidy paid by employment offices to employers to promote the hiring of unemployed persons.

Labour market training subsidy. The training subsidy is payable under two schemes. Members of trade union funds are eligible *for earnings-related* training subsidy, non-members for *basic* training subsidy. Kela also pays labour market subsidy to those who, though in training, do not qualify for the training subsidy. Both training subsidy and labour market subsidy can include a maintenance allowance.

The basic training subsidies and labour market subsidies are financed by the state, the earnings-related allowances by the state, the employers, employees and unemployment fund members. Further financing for benefits paid during labour market training is provided by the European Social Fund.

Training allowance. Unemployed persons with a sufficient employment history are eligible for a training allowance if they choose to undergo training to improve their vocational skills. The training allowance is paid at the same rate as the unemployment allowance or the labour market subsidy. It is either based on previous earnings or paid at a basic standard rate. The *earnings-related* allowances are paid by unemployment funds, the *basic* allowances by Kela. The training allowances are financed in the same way as the unemployment allowances.

1.7 Income maintenance benefits to families with children

Families with children are eligible for a number of different benefits. To help with the support and care of a child, the following benefits are available: maternity grant, parenthood allowance, child day care subsidies, child benefit, orphans' pension, child maintenance allowance, child increases payable in association with various social insurance benefits, as well as benefits from voluntary life assurances.

The *maternity grant* represents a compensation for costs arising from childbirth and adoption. The birth or adoption of a child entitles the parents to a *parenthood allowance* (maternity, paternity, or parental allowance) paid by National Health Insurance for the duration of their parental leave. Some collective bargaining agreements require that employers continue to *pay wages* to workers during part of the maternity (or parenthood) leave.

The *child day care subsidies*, payable as home care allowance, private day care allowance or partial care allowance, are aimed at making it easier to arrange day care for a child under school-age after the parenthood allowance period is over, and to support the day care of a child who is in the first or second year of school. Child home care allowance and private day care allowance are intended as an alternative to municipal day care. Some municipalities provide supplements to the statutory benefits. In addition to paying out the statutory benefits, Kela has agreements with some municipalities to pay out the municipal supplements as well. Employees are entitled to a child care leave to look after a child 3 years old or younger and to a partial care leave until the end of the child's second year of school.

Employers are entitled to compensation for annual leave costs in respect of employees who are on parental leave. The purpose of this provision is to help employers bear the cost of childbirth and child care.

Child benefit is payable for each child under 17. *Child maintenance allowance* is payable if the person who has been ordered to provide child support has failed to do this or if the court has not established maintenance liability.

The welfare of families with children is also promoted through several benefits relating to housing, illness and disability of a child.

1.8 Support for housing

Housing is supported by society through financial arrangements and the provision of various services. For the purchase or fundamental improvement of a dwelling, *loans or interest subsidy for loans* can be granted. Financial aid is available also towards *repair* and *renovation expenses*. Part of the interest paid on house loans is *tax deductible*.

Cash benefits are a form of direct support intended to reduce the housing costs of low-income households. They comprise a general housing allowance as well as a housing allowance payable to pension recipients, a housing supplement for students, and the cash housing assistance payable as part of the conscript's allowance. These benefits are all administered by Kela.

Various types of *housing services* as well as *institutional and family care* are provided for people who need assistance in their daily lives (e.g. elderly and disabled people, intoxicant abusers).

1.9 Income security for students

Society supports the income security of students in a number of ways. Student financial aid paid by the State is the most common form of study aid for full-time, independent students. It is available in three forms: study grants, housing supplements and government guarantees for student loans. Assistance to students is available also as interest allowance and interest subsidy, student loan tax deductions, and meal subsidies.

In addition to the main financial aid scheme for students, which is administered by Kela, employees and entrepreneurs are eligible for an *adult education subsidy* paid by the Education and Training Fund in respect of self-motivated training designed to improve their vocational skills. Government guarantees for optional student loans are granted by Kela. The Education and Training Fund provides lump-sum training grants for those who have obtained vocational qualifications through a *competence-based examination*. There is a separate study grant system for *agricultural entrepreneurs*.

Adult education arranged by the labour authorities is intended mainly for the unemployed. *Income support during labour market training* can take the form of a training subsidy from an unemployment fund (earnings-related support), a training subsidy or labour market subsidy from Kela (basic support).

Unemployed persons who decide to undergo training designed to improve their vocational potential are eligible for a *training allowance*. Members of an unemployment fund get their earnings-related allowance from the fund, while Kela administers basic allowances not linked to previous earnings.

For students of upper secondary schools and vocational institutes, Kela pays a *school transportation subsidy*. Financed by the State, it covers part of the cost of students' daily trips to and from school.

Orphan's pension is paid in the form of a national survivors' pension to orphaned students aged 18–20. *Rehabilitation allowances* are paid from several sources (e.g. Kela) to the disabled who take training to maintain or improve their working capacity. They are presented here under the rehabilitation statistics.

2 National Pension Insurance (NPI)

Until the end of 2007, the National Pension Insurance legislation comprised the National Pensions Act, the Pensioners Housing Allowance Act, the Survivors Pensions Act, the Front-Veterans Pensions Act, the Act on

Front-Veterans Supplement payable outside Finland, as well as various enactments associated with this legislation. The national pensions legislation was reformed at the beginning of 2008 with the aim of clarifying it and modernising it.

This chapter describes the pension schemes administered by Kela according to their status in 2007. Certain exceptions to the above Acts result from the application of EU provisions and international social security agreements.

Basic eligibility criteria

National pensions legislation. All residents of Finland are eligible for the national pension. Residence in Finland is defined in the Act respecting the Residence-Based Social Security Legislation. Citizens of Finland are entitled to a national pension if they have lived in Finland for at least three years after reaching the age of 16. Citizens of other countries qualify after a residence of five years.

Surviving spouses and orphans living in Finland are entitled to survivors' pension, provided that the deceased was living in Finland when the death occurred. The residence requirements applied to the deceased and the surviving spouse are identical to those which must be satisfied to qualify for a national old-age, disability and unemployment pension. Orphans are not subject to any residence requirements.

Refugees and stateless persons living in Finland enjoy the same rights as nationals of Finland regarding the implementation of the National Pensions Act and the Survivors Pensions Act.

The front-veteran's supplement and the additional front-veteran's supplement can be awarded to recognised veterans. The former can also be awarded to persons living outside Finland provided that they receive a Finnish national pension. Under a separate Act of Parliament, the front-veteran's supplement can be paid also to recognised veterans living outside Finland who do not receive a Finnish national pension.

If a recipient of a national pension or survivor's pension moves outside Finland, the payment of the pension is continued for one year, provided that the pension had been awarded at least one year before the move. The pension can be paid beyond this one-year limit if the recipient had immediately preceding the start of pension payment lived in Finland for ten years or if the residence outside Finland is essential due to an illness of the recipient or of his or her close relative.

Effects of EU provisions and international social security agreements. Certain provisions of the Finnish pension legislation, based on the residence principle, are cancelled or modified by the EU provisions or social security agreements ratified by Finland. The EU provisions apply to citizens of EU Member States, citizens of Switzerland and so-called third-party nationals working in the EU/EEA or Switzerland, as well as to their family members. The Nordic Convention on Social Security applies to citizens of Nordic countries who live in the European Economic Area but are not covered by the EU provisions. Bilateral agreements provide reciprocal access to the pension benefits of the other signatory country.

Types of pension benefit

The pension benefits provided by Kela fall under two main categories: national pensions and survivors' pensions.

National pensions comprise old-age pensions, disability pensions and unemployment pensions.

Old-age pension is payable to insured people over 65. There is also provision for early and late retirement, on an actuarially adjusted pension. Retirement on a reduced pension is possible at 62.

Disability pension is payable to insured people aged 16 to 64 who on account of disease, defect, or injury are unable to maintain themselves by their regular work or any other kind of work which, considering their age, occupation, education and place of residence, would be suitable for them. The pension can be granted either indefinitely or for a specified period, in which case it is referred to as a "rehabilitation subsidy". Persons under 20 years of age cannot get a disability pension until their rehabilitation prospects have been assessed.

Those who receive a full disability pension from Kela can, in the event that they find gainful employment and meet certain other criteria, choose to put their pension on hold and yet remain entitled to the pension at a later point.

The individual early retirement pension is no longer available, except for persons born in 1943 or before whose capacity for work has been permanently reduced and who cannot reasonably be expected to continue working. The last benefit awards will take place in 2008.

Unemployment pension is payable to insured persons aged 60 to 64 and born in 1949 or earlier who have been unemployed a long time and who, as a general rule, have been employed at least five years during the previous 15 calendar years. They must also have received unemployment allowance for the maximum period allowed and be registered with the employment office as unemployed and seeking employment.

Survivor's pension is payable to widows and widowers under 65, provided that the deceased was under 65 at the time of marriage *(spouse's pension)*, and to orphans *(orphan's pension)*.

Spouse's pension is payable to any widow(er), irrespective of age, who has or has had a child with the deceased. It is also payable if the widow(er) was over 50 at the time of death of the spouse, the marriage had lasted for at least five years and had been contracted before the widow(er) turned 50. However, women born before 1 July 1950 are eligible for spouse's pension on easier terms. Spouse's initial pension is payable for the first six months following the death of the spouse, and thereafter the widow(er) is entitled to a continuing pension. When a widow(er) aged 50 or over remarries, the spouses' pension is not discontinued.

Orphan's pension is payable to all half- and full-orphans under 18 as well as those between 18 and 21 who on account of studies or vocational training are unable to maintain themselves. Entitlement can be derived through a parent, an adoptive parent, or any other person who has assumed responsibility for the child. Full-orphans are entitled to two separate pensions, one through each parent.

Benefit rates

National old-age, disability and unemployment pensions were in 2007 paid either as

- a *pension-tested* national pension possibly supplemented by various additional components such as pensioner's housing allowance, pensioner's care allowance, increase for children, and front-veteran's supplement or additional supplement, which are payable under the Front-Veterans Pensions Act; or
- a pensioner's housing allowance, pensioner's care allowance, front-veteran's supplement or increase for children paid *independently* of pensions but possibly in combination with the special assistance for immigrants or the pension assistance for the long-term unemployed (see Supplemental pension components, p. 16).

The effect of outside income on pension benefits

The income-related components include the pension-tested national pension, housing allowance, additional front-veteran's supplement, and the additional amounts of orphan's pensions and spouses' initial and continuing pensions. The rate of all these components decreases in proportion as the claimant's annual income from other sources exceeds a fixed maximum. The recognised annual income (there are a number of disregards), the level at which the recognised annual income begins to affect the rate of these components, and the rate of the decrease are therefore the significant factors.

National pensions are intended to provide a basic retirement income for those whose employment pensions are small or non-existent.

At year-end 2007, a full pension-tested national pension for a single recipient with no dependants living in a municipality in the higher cost-of-living category was 524.85 euros per month. If annual income exceeded 12,895 euros, no national pension was payable. A full national pension for recipients living in a municipality in the lower cost-of-living category was 503.53 euros per month (single recipient, no dependants).

The full rate of the national pension for married recipients at year-end 2007 was 463.28 euros per month (higher cost-of-living category) or 445.12 euros per month (lower category).

National survivors' pensions can comprise a basic amount and/or an additional amount. *Spouses' pensions* can be further supplemented by a housing allowance which can also be paid separately (see Table A). At year-end 2007, the spouse's pension basic amount was 88.02 euros per month. The standard component of surviving spouse's initial pensions (comprising the basic amount and part of the additional amount) was for single recipients 275.85 euros per month in municipalities with a higher cost of living and 254.22 euros per month in lower-cost municipalities. *Orphans' pensions* also consist of a basic amount and an additional amount. At year-end 2007, the basic amount was 51.70 euros per month.

The effect of income, municipal cost-of-living classification and family status

The amount of the *national pension* is affected by the recipient's own pensions from past employment and comparable ongoing benefits. No disregards are applied to the income from pensions, with certain exceptions such as the accrual of employment pensions after the age of 63, during the care of a child under 3 years of age or while a student. Self-employment income, income from capital or assets do not affect the amount of the national pension.

For purposes of the *additional amount of surviving spouse's pension*, outside income refers to income received continuously and at the same time as the pension, including employment pensions (with the exception of certain accruals), earned income and income from capital. The *additional amount of orphan's pension* is reduced by other survivor pensions that the child receives in respect of the same deceased.

The municipal cost-of-living classification (abolished at the beginning of 2008) affects the *national pensions* and *additional amounts of surviving spouses' pensions*. Also the recipient's family status has an indirect effect – through various income limits – on the amount of income-related pensions/ pension components.

The effect of other factors on pension benefits

Retirement before/after normal pensionable age. The national pension is payable at a *modified rate* to those receiving early old-age pension or deferred old-age pension (each month by which retirement is brought forward decreases the pension by 0.4%, each month by which retirement is postponed past age 65 increases it by 0.6%, except if the pension was granted before 1 January 2000, in which case the percentages are 0.5% and 1.0% respectively).

Institutional care. The housing allowance is not payable during care in a state-subsidised institution that lasts more than nine months. The national pension is payable at a *reduced rate* after three months in such an institution, except if the beneficiary (a recipient of an old-age, disability or unemployment pension) receives housing allowance, in which case the reduction coincides with the discontinuation of the housing allowance.

Adjustment of pension to the length of the recipient's residence in Finland. *Pensions payable under national pension legislation* are adjusted to the length of the recipient's residence in Finland (with the exception of the pensioner's housing allowance, increase for children and the front-veterans' supplements).

Old-age pension is adjusted if the claimant has lived less than 40 years in Finland while aged 16–64. The factor of adjustment is calculated by dividing the length of the residence in Finland by 40 years.

Other national pensions and the spouse's pension are adjusted if the claimant (or the deceased) lived in Finland less than 80% of the time between age 16 and the start of pension. The factor of adjustment is derived by dividing the length of the residence in Finland by 80% of the time between age 16 and the start of pension.

Employees within the EU/EEA who have been insured in another EU/EEA country besides Finland (also includes Switzerland) have their pensions calculated according to the *EU provisions*.

Supplemental pension components

Supplemental pension components paid by Kela in 2007 included the pensioners' care and housing allowances, the regular and additional front-veterans' supplements, and the increase for children. They can also supplement pensions paid by other Finnish pension providers. Moreover, persons whom Kela is paying special assistance for immigrants or pension assistance for the long-term unemployed are eligible for the pensioners' housing allowance. The former are also eligible for the pensioners' care allowance and the latter for the increase for children.

Pensioners' care allowance

The pensioner's care allowance is payable to
- persons aged 65 or over or
- persons aged under 65 who receive, from Kela, a disability pension or, from an employment pension provider, a (full) disability pension or old-age pension converted from a disability pension, or who receive special assistance for immigrants.

Payment of the allowance also requires that the recipient's functional status is impaired due to an illness or injury. It is intended as compensation for specific services and home care needed to help the recipient remain at home and as reimbursement of additional expenses arising from the functional impairment. Persons with coeliac disease are entitled to a dietary grant, which compensates them for the additional cost of having to maintain a gluten-free diet. It is considered as a special form of pensioner's care allowance and is paid under that heading. (The dietary grant became a stand-alone disability benefit at the beginning of 2008.) Coeliacs may additionally be entitled to a regular pensioner's care allowance in respect of some other medical condition.

The allowance is graduated in three payment categories according to the amount of the expenses and the need of assistance. At year-end 2007, the smaller allowance totalled 53.47 euros a month, the *larger allowance* 133.11 euros a month, and the *special allowance* 281.46 euros a month. The *dietary grant* was as of year-end 2007 payable at a rate of 21 euros a month.

Pensioners' housing allowance

Pensioner's housing allowance is payable to persons who are living in Finland and

- are aged 65 or more or
- are between ages 16 and 64 and receive
  - a disability, unemployment or spouse's pension from Kela
  - under the employment pension legislation, an unemployment pension, (full) disability pension, or old-age pension converted from a disability pension
  - special assistance for immigrants

- pension assistance for the long-term unemployed
- under the Accident Insurance, Motor Insurance or Military Injuries Acts, a statutory disability pension or other compensation payable in respect of full work disability or
- a similar benefit from abroad.

The amount of housing allowance depends on the pensioner's other income, including income of the pensioner or his/her spouse received continuously and at the same time as the pension (e.g. employment pensions, earned income and income from capital). The value of assets exceeding a fixed limit is also counted as income. The recipient's family status and the number of children he/she has also affect the amount of the housing allowance through various income limits.

The amount of the housing allowance depends further on the level of housing costs. The maximum allowable housing costs are graduated according to the location of the home and the number of children. Housing allowance is only paid in respect of homes located in Finland.

Front-veterans' supplements

The front-veteran's supplement – payable to recognised veterans of the 1939–1945 and 1918 wars – was 42.57 euros a month (at year-end 2007).

Additional front-veteran's supplement is payable to those front-veteran's supplement recipients who also receive a national pension. It is equal to 25–45% of the amount by which the national pension exceeded 88.02 euros a month (in 2007). The full additional front-veterans' supplement is equal to 45% of the previous additional amount if the pensioner has no other income that counts against it. The percentage is reduced as other income increases and can be as low as 25% if the pensioner has other income amounting to 188.17 euros or more per month (the limit in year 2007).

Front-veteran's supplement payable outside Finland. This benefit is payable to recognised veterans who live outside Finland and do not receive a Finnish national pension. The supplement is paid semiannually.

Increase for children

This supplement is payable to persons who receive a national pension, a full employment pension (except a survivor's pension), pension assistance for the long-term unemployed or a full disability pension paid in respect of an employment or motor accident or a military injury, and who have children under the age of 16 years. The increase for children was paid at a rate of 19.00 euros per month in 2007.

Indexation

The national pension components are as a rule adjusted yearly to changes in the cost-of-living index. The income and property limits for the pension components are also indexed. Index adjustments are normally carried out on 1 January.

The benefits were raised by 1.7% in 2007 and by 2.5% in 2008.

Taxation

The national pensions, the basic and additional amounts of spouses' pensions paid under a 1990 Act of Parliament, and all orphans' pensions are taxable income. The rest of the pension benefits provided by Kela are tax-free. Tax relief is granted for pension income.

Statistical principles

The pension statistics in this Yearbook analyse, besides pensions in payment, also pension-in-payment changes (new and discontinued pensions).

The amount of pensions in payment refers to the pensions that are in payment (as of the statistical reference date) shown at their annualised value. The amount of pensions paid during a year refers, on the other hand, to the cumulative monetary value of pensions paid during various months, including retroactive payments.

Between 1997 and the end of 2007, national pensions could consist entirely of a pensioner's housing allowance, pensioner's care allowance or front-veteran's supplement and, between 2001 and the end of 2007, of an increase for children. Pensioner's housing allowance can also be paid in combination with the special assistance for immigrants (introduced in 2003) or the pension assistance for the long-term unemployed (introduced in 2005). The former can also include a pensioner's care allowance and the former an increase for children. In Kela's statistics, recipients of any of the benefits listed above are counted as national pension beneficiaries.

In Kela's statistics, "new recipients of a pension" is defined as including both first-time pension recipients and those previous recipients whose last pension ended at least one month ago.

In the statistics for the years 2002–2007, "pensioner's care allowance" is used as an **umbrella term** for the regular pensioner's care allowance and the dietary grant paid as pensioner's care allowance. The regular pensioner's care allowance refers to the three-tier (smaller/larger/special) care allowances and to so-called grandfathered care allowances.

3 Disability benefits from Kela

The disability benefits were in 2007 governed by the Child Disability Allowances Act and the Disability Allowances Act. They were superseded at the beginning of 2008 by a consolidated Act on Disability Benefits. In this Yearbook, the qualifying conditions for disability benefits are described according to their status in 2007.

Basic qualifying conditions. The child disability allowance is payable to children resident in Finland. Residence in Finland is also a condition for receiving the disability allowance.

Benefits. *The child disability allowance* is payable to children under 16 with a disability or a long-term illness. The allowance is awarded to alleviate the financial or other strain caused by the treatment of the child and is graduated in three payment categories. (Since the beginning of 2008, the allowance is no longer awarded solely on account of financial strain.)

The *smaller allowance* (rate at year-end 2007: 79.83 euros a month) is paid to children whose treatment causes an added financial or other strain. The *larger allowance* (186.28 euros) is awarded in cases where the strain is considerable, and the *special allowance* (361.21 euros) in the event that the treatment of the child imposes an extraordinary strain.

The *disability allowance* is aimed at making it easier for disabled persons of working age who are not in receipt of a pension to manage in their daily lives and to cope with work and studies.

Persons between 16 and 64 whose ability to function has been reduced on account of an illness or injury are entitled to the allowance. (Since the beginning of 2008, it can also be available to persons aged 65 years or over.) It is intended to provide a compensation for the handicap, need of assistance and special expenses caused by the illness or injury and, in the same way as the child disability allowance, it is graduated in three payment categories (see above). It is also disbursed at the same rate as the child disability allowance. Persons with coeliac disease are also entitled to a compensation for the additional cost of maintaining a gluten-free diet *(dietary grant)*, payable at a rate of 21 euros per month as of year-end 2007. It is possible to receive both a dietary grant and a regular pensioner's care allowance on account of some other medical condition.

There are a number of benefits and pensions which preclude the payment of the disability allowance.

Persons who have their full-rate national disability pension suspended can, for a period of up to two years, receive a special disability allowance as a replacement.

The child disability allowance and the disability allowance cannot be awarded to persons who are being treated or looked after at an institution operating mainly on public funds. The payment of the allowances is discontinued after the institutional care has lasted three months.

The child disability and disability allowances are exempt from tax. They are adjusted annually to changes in the cost-of-living index, and were increased by 1.7% and 2.5% respectively in 2007 and 2008.

Statistical principles. "Disability allowance" is used as an umbrella term covering both the regular disability allowance and the dietary grant paid as disability allowance. The regular disability allowance refers to the three-tier (smaller/larger/special) disability allowances and to so-called grandfathered disability allowances.

4 National Health Insurance (NHI)

The National Health Insurance Scheme covers the following benefits: sickness allowances, parenthood allowances, special care allowances, refunds of medical expenses as well as occupational and student health services.

4.1 Medical care and income security benefits

Basic eligibility criteria

Eligibility for the National Health Insurance is governed by the Health Insurance Act. All permanent residents of Finland are eligible. The permanence of residence is assessed according to the Act on the Implementation of Residence-Based Social Security Legislation. Eligibility also extends to persons entering Finland for purposes of work or self-employment lasting at least 4 months. Accompanying family members are eligible as well if their stay in Finland will last at least 2 years.

In order to qualify for the parenthood allowance, claimants must have been living in Finland for at least 180 days immediately before the date on which their child is due to be born.

The cost of medical care provided outside Finland (not including travel costs) is covered by NHI if there was an immediate need for medical attention and the costs cannot be recovered from the host country's health system. NHI also covers examination and treatment costs (excepting pharmaceutical expenses) for nonemergency care if it is provided in an EU country or a country applying the EC legislation.

EU provisions and international social security agreements. Application of the EU provisions and the social security agreements ratified by Finland (those which encompass medical care) results in certain exceptions to the general residence-based health security provisions. Persons insured under the national health insurance scheme of an EU/EEA Member State or of Switzerland are entitled to receive emergency medical treatment during a temporary stay in Finland at the same price as persons resident and insured in Finland. Also persons covered by certain other social security agreements are entitled to equal treatment during a temporary stay in Finland.

Benefits

Sickness and parenthood allowances

Sickness allowance is available in three forms: the regular sickness allowance, the partial sickness allowance (introduced on 1 January 2007) and the sickness allowance payable under the Self-Employed Persons' Pensions Act (introduced on 1 April 2006). They are paid on account of temporary incapacity for work caused by illness. The partial sickness allowance is also aimed at easing the return to work after a lengthy sick leave.

Sickness allowance. The sickness allowance is paid in respect of work incapacity due to an illness. Its amount can be linked to previous earnings or certain preceding benefits, or it can be paid at a minimum rate. It is intended to provide compensation for a loss of earnings caused by incapacity lasting less than a full year. It is paid to employed and self-employed persons aged 16–67 who are prevented from carrying out their regular job or a comparable gainful activity, for a maximum of 300 weekdays (incl. Saturdays). All weekdays for which the allowance has been paid during the two years immediately preceding the onset of the work incapacity generally count towards this maximum. A waiting period, during which the allowance is not paid, comprises the day on which the illness begins plus the following nine weekdays.

If incapacity for work continues for at least 55 calendar days, sickness allowance can be awarded even if the requirement concerning prior employment is not met. Not meeting the requirement means being willingly or negligently unemployed for three months before the incapacity for work.

Once the maximum limit for the payment of the sickness allowance has been reached, the allowance cannot be paid for the *same illness* until the person has been capable of work for at least 12 months, but it can be paid for a *different illness*.

Partial sickness allowance. The partial sickness allowance is payable to 16 to 67-year-old employees or self-employed people who, while still lacking full capacity for work, return to work on a part-time basis. They must have been working full-time before the onset of the incapacity, and must have been paid the regular sickness allowance for at least 60 working days without interruption before the partial sickness allowance is to be paid.

Sickness allowance available under the Self-Employed Persons' Pensions Act (YEL). Persons insured under the YEL Act are entitled to a sickness allowance after a period consisting of the day of onset of incapacity and the following three weekdays. Sickness allowance under the YEL act is paid for the 5th to 10th day of incapacity, after which it is converted into a regular sickness allowance (following the completion of the relevant waiting period).

Parenthood allowance. The parenthood allowance is payable for 263 weekdays. For the first 105 days, it is paid to the mother ("maternity allowance"); for the next 158 days it can be paid alternatively to the mother or the father ("parental allowance"). Further, fathers (including cohabiting fathers) are eligible for a "paternity allowance", which is payable for up to 18 weekdays during the period in which maternity/parenthood allowance is payable. During the paternity allowance period, mothers may stay at home to look after the child. Parental allowance can also be paid to the father subject to an agreement between the parents. Fathers who take the last 12 weekdays or more of the parental allowance entitlement are eligible for an additional 1-12 weekdays of paternity allowance after payment of the parental allowance has ended. The eligibility conditions for this extended leave of 13-24 days for fathers (referred to as the "daddy month") were made more flexible at the beginning of 2007. It need no longer follow directly from the end of the parental allowance, but it must be taken before 180 days have elapsed from the end of the parental allowance entitlement immediately following the maternity allowance. Further, the postponement requires that the father or the mother stay at home to look after their child between the end of the parental allowance and the start of the daddy month, while in receipt of child home care allowance.

The mother and father can share their entitlement to parental allowance in a way that allows them to receive partial parental allowance concurrently.

Entitlement to the benefit begins on the 155th day of pregnancy, and the recipient can choose to have payment started 30–50 weekdays before the estimated time of birth.

In the event of a multiple birth, the parenthood allowance entitlement is extended by 60 weekdays for each additional child. The extension can be used by either parent. Parents can use the extension during the actual parenthood allowance period with both parents taking a child care leave at the same time.

Parental allowance is also available to parents who adopt a child under 7 years of age. Under certain conditions, parental allowance can also be paid to persons who adopt the child of their spouse of cohabitation partner as well as to persons living in a registered partnership.

The amount of the allowance. The amount of the sickness and parenthood allowances depends on the final taxable income of the recipient. The partial sickness allowance is always equal to 50% of the regular sickness allowance that preceded it.

If a person's earned income immediately before the payment of the sickness or parenthood allowance was significantly higher than their final taxable income, the allowance can be based on the income for the 6 months (or fewer) immediately preceding the allowance. In the case of successive births, the new allowance is calculated on the basis of the earned income used to calculate the first allowance, unless the first child has reached the age of 3 before the due date for the second child.

Prior to the calculation of the allowance, wage earners' work-related expenses and 4.88% of their contributions to employment pension and unemployment insurance are deducted from the earnings. For entrepreneurs and self-employed persons, the allowances are calculated on the basis of their earnings under the YEL and MYEL Acts. Sickness allowances paid under the YEL Act are calculated exclusively on the basis of insurable income under the YEL Act. The regular sickness allowance which may follow is based on the recipient's total employment income. The amount of the allowance per day is equal to 70% of the 1/300th part of annual earnings up to 29,392 euros. On earnings exceeding this limit, the allowance will be less than 70% of earnings. There is no maximum limit.

Parenthood allowances are calculated in largely the same way. However, earnings-related parenthood allowances were increased by a certain amount on 1 January 2007. As a result, a higher rate of allowance is paid for the first 56 days of the maternity allowance, for the first 30 days of the parental allowance paid to mothers and for the first 30 days, combined, of the parental allowance for fathers and the paternity allowance paid during the daddy month. These increases are available at their full amount up to annual earnings equalling 45,221 euros (as of 2007). They are proportionally smaller if earnings exceed that amount. If both parents go on parental leave, both are entitled to a higher rate of allowance.

Sickness allowance is not paid if annual earnings are less than a specified amount (1,129 euros as of 2007). However, persons with no or low income are entitled to a *minimum sickness allowance* (15.20 euros per day in 2007) if they have been incapacitated for work for a consecutive period of 55 calendar days, or even earlier if it is clear already at the onset of the incapacity that it will last at least 300 weekdays. In the latter case, sickness allowance can be paid immediately after a waiting period consisting of the day of onset of incapacity and the following 9 weekdays. There is also provision to pay an allowance less than the minimum allowance to persons with low income (annual earnings between 1,129 and 6,515 euros).

The parenthood allowance is never paid at a rate below a *specified minimum amount*. In 2007, this amount was 15.20 euros per day.

The amount of the sickness and parenthood allowance may also be determined by a preceding benefit.

The allowances are adjusted in line with a wage coefficient used in the employment pension system. They were increased by 3.5% in 2007 and by 2.2% in 2008. No yearly adjustments apply to the minimum-rate allowance. The sickness and parenthood allowances are taxable income.

Special care allowance

The special care allowance is paid for children under 16 to a parent whose presence is considered medically necessary during in- or outpatient treatment, subsequent home care, or a statutory adaptation training or rehabilitation course, provided also that the parent is prevented from working and thus without a salary. The allowance is calculated in the same way as the sickness allowance but always paid at a rate of at least 15.20 euros per day (as of 2007). It is taxable income.

Other compensations for loss of income

Persons who under the *Act on Communicable Diseases* have been debarred from their place of work may be entitled both to a sickness allowance and a compensation for loss of earnings paid out of NHI moneys.

Organ/tissue donors are entitled to a sickness allowance during the time they are incapacitated for work (also during the waiting period).

If an employer pays an employee a wage or salary, or a special bonus, during the *employee's annual leave*, and the employee has received parenthood allowance during the time he or she was not at work, the employer can claim compensation for this expense from NHI. The compensation is provided following the end of the parenthood allowance period. Since 1 January 2007, it has been calculated on the basis of actual employment income (and not the amount of benefit paid). On the same date, the calculation basis was multiplied by a coefficient factor of 1.26. Following the increase of maternity allowances, employers who continue to pay the regular salary to an employee who is on maternity leave are compensated at a higher rate than before.

Refunds of medical expenses

Besides providing income maintenance benefits, NHI covers its members for medical expenses in connection with illness, pregnancy and confinement.

Covered are

- *drugs* prescribed by a doctor or dentist as well as prescribed pharmaceutical nutrients and emollients used for the treatment of respectively severe diseases and long-term skin conditions (self-care medicines excluded), all non-covered medicine costs (a 1.50 euro per-medicine copayment applies) in excess of 627.47 euros (2007) a year (this is referred to as the additional refund). *Refunds are also available for pharmacy dose dispensing* charges.
- private-sector *physician services*,
- private-sector *dentist services*
  - oral and dental examination and treatment, preventive dental care; orthodontic or prosthodontic services are not covered
  - front-veterans are under a separate law entitled also to reimbursements for prosthodontic services,
- private-sector *examinations and treatments* performed or prescribed by a *doctor*, as well as
- *transportation services* and *overnight stops* necessary for the diagnosis and treatment of illness.

In the case that the annual travel expenses not covered by NHI exceed the annual deductible (157.25 euros in 2007), NHI will refund the exceeding part in full (known as the additional refund). Since the beginning of 2005, a uniform deductible has been applied to annual expenses arising from treatment and rehabilitation related trips.

The NHI refunds are determined in different ways. Some require that the patient first pay a specified deductible. A certain percentage of the costs exceeding the deductible are then returned to the patient. Also, doctors' and dentists' fees as well as examination and treatment charges are refunded according to a fixed scale of charges defined by the Council of State. If the actual fee exceeds the fixed charge, the refund is calculated on the basis of the fixed charge.

There are three categories for the refund of medicine expenses. The refund is calculated as a percentage of the price of the medicines. The basic refund rate is 42 percent of the price of the medicine. The special refunds are available at a lower and higher rate, covering 72 percent or 100 percent, respectively, of the price of the medicine. A 3 euro deductible applies to the higher special refund. It is assessed separately for each medicine purchased. Refunds are normally provided for three months' supply of a given medicine.

Special refunds are also available for medicines used in the treatment of certain severe, long-term diseases.

The Pharmaceuticals Pricing Board is authorized to restrict the availability of refunds for a given medicine to a specific diagnosis or degree of disease severity.

Under a three-year experiment launched at the beginning of 2006, 42 percent of pharmacy dose dispensing charges is refunded. Refunds are available to persons over the age of 75 who take at least six different medicines suitable for use in a dose dispensing system.

Aggregate of benefits

NHI is generally liable when a benefit in respect of incapacity for work is payable under both NHI and an occupational scheme. Where, on the other hand, such a benefit is payable under both NHI and employment accident insurance, or both NHI and third-party motor insurance, NHI is the subsidiary scheme.

When a scheme member receives sick- or maternity-leave pay from his employer, that part of his sickness or parenthood allowance under NHI which does not exceed this employer contribution is paid to the *employer*. The employer is also entitled to compensation from NHI for any wage or salary paid while the employee was on parenthood allowance.

When a scheme member receives earnings-related unemployment allowance during incapacity for work, that part of his sickness allowance under NHI which does not exceed this allowance is paid to his *unemployment fund*.

Sickness allowance and refund of medical expenses are paid to the *Patient Insurance Centre* when the patient has received compensation from the association during the disability period or for the medical expenses in question.

If a municipal social service board finances NHI-covered services, the refund under NHI is paid to the *board* and not the insured person.

Payment of benefits

Scheme members who belong to an employee sickness fund receive their NHI benefits through the *funds*. The rest receive their benefits from the branch offices of Kela.

Scheme members buying covered medicines and drugs need not make a claim for his NHI refund. Under an agreement concluded with Kela, the *pharmacy* will make the claim and charge them only the remaining costs.

Patients may authorize a private-sector provider of health services to collect the refund to which they would be entitled. Under this arrangement, the patients need only pay the difference between the refund and the actual cost of the service.

Provisions concerning direct, on-the-spot reimbursement of medical expenses were added to the Health Insurance Act on 1 January 2007. This made it possible for also other private health care providers besides pharmacies to stop requiring written authorizations.

Statistical principles

Sources. The data on National Health Insurance refunds are obtained from the central payment records for the individual benefits. They contain the complete data set (only some of the occupational statistics are based on a sample).

Number of refunds. For medical services the number of *deductible items* is given. This means, for medicines, the number of purchases; for doctors' and dentists' services, the number of calls or prescription transactions outside the doctor's office; for examinations and treatments, the number of doctors' or dentists' orders; and for transportation services, the number of single journeys.

Number of compensations. For sickness and parenthood allowances the number of *spells begun*, *beneficiarie*s, *instalments* paid, and compensation *days* is given.

Minimum parenthood allowances do not include the allowances paid to mothers who have returned to work while eligible for parenthood allowance.

Sickness allowance is not payable for the first nine days of illness, not including Sundays and the day on which incapacity for work began. Partial sickness allowance is payable immediately following the preceding sickness allowance period.

NHI is generally liable when a benefit in respect of incapacity for work is payable under both NHI and an occupational scheme. Where, on the other hand, such a benefit is payable under both NHI and certain other schemes (eg employment accident insurance, third-party motor insurance), NHI is the subsidiary scheme. Because of this, only part of the sickness allowance days for which benefit was payable under more than one scheme are included.

Expenditure on benefits. The statistics compiled by Kela analyse both the amount of NHI refunds and the insured person's expenses before the NHI refund.

4.2 Occupational and student health services

Employer-provided occupational health services. Employers are required by law to provide occupational health services to their employees with a view to preventing work-related health hazards. In addition to the *statutory services*, employers can opt to provide their workers with *wider access to health services*.

Under the Health Insurance Act, employers are entitled to a reimbursement of the necessary and reasonable costs of arranging occupational health services. There is maximum per-employee limit for the reimbursement. The maximum limits are defined by reference to the amount of resources needed to ensure compliance with good occupational health practice.

There are two reimbursement classes. The costs of statutory preventive occupational health services belong to reimbursement class I (rate of reimbursement: 60%), while optional general practitioner-level services are included in class II (50%). The maximum per-employee reimbursements applicable in 2006 were as follows (the tables and charts about employer-provided occupational health services in this Yearbook relate to the year 2006):

	Reimbursement	
	class I	class II
Costs (€)	135.40	203.20
Reimbursement (€)	81.24	101.60

Higher reimbursements can be granted for special reasons (e.g. small number of covered workers).

The occupational health services can be offered through the employer's own occupational health unit or one operated jointly by several employers. In addition, they can be purchased from another employer or the municipal health centre, an organization licensed to provide occupational health services, or some other health care professional.

Occupational health services for entrepreneurs and the self-employed. Entrepreneurs and other self-employed persons are entitled to a reimbursement of the necessary and reasonable costs of any occupational health services they choose to purchase for themselves. The reimbursements cover the costs of *statutory preventive occupational health care and other medical services*. Sixty percent of recognized costs for preventive occupational health care are reimbursed. For other medical services, the reimbursement rate is 50 percent. There is an annual cap on the total amount of reimbursements available.

A national coordinating centre operates under the auspices of the Finnish Institute of Occupational Health. State subsidies towards its consultation, training and assorted other expenses are paid by Kela.

Student health services. A certain part of the National Health Insurance funds go to the Finnish Student Health Service as reimbursement for the cost of health services it provides to university and college students.

5 Rehabilitation provision by Kela

The rehabilitation activity of Kela is governed by two acts, pertaining respectively to the rehabilitation services and allowances which Kela is required and authorised to provide and to the cooperation between rehabilitation organisations.

Rehabilitation services

Rehabilitation provided and reimbursable by Kela can be awarded to persons insured under the Health Insurance Act. All residents of Finland are insured under the Health Insurance Act. Reimbursements are under certain circumstances also available for rehabilitation services provided outside Finland.

Kela is required by law to provide vocational rehabilitation for persons with impaired functional capacity and medical rehabilitation for persons with severe disabilities. The state budget includes a special allocation that Kela can use to arrange other vocational and medical rehabilitation.

Vocational rehabilitation for persons with impaired functional capacity. Persons who are at risk of disability or whose capacity for work and ability to earn a living are significantly weakened by an illness or injury are entitled to have access to the following:

- essential vocational training in order to maintain or improve their capacity to work (eg rehabilitation examinations and work testing, training aimed at maintaining work capacity, and basic education, further education and retraining)
- assistance with running a business or self-employment
- basic education if it is a requirement for starting vocational training or
- for persons with severe disabilities, expensive and technically advanced aids necessary to help with work and study.

Employment pension providers are the primary sources of vocational rehabilitation services for persons who are active in or still have some links to working life.

Medical rehabilitation of persons with severe disabilities. A severely disabled person must be given the chance to obtain extensive or elaborate out- or inpatient services which go beyond curative treatment and which are necessary to maintain or improve the client's functional and work capacity. The client must be noninstitutionalised and in receipt of either the higher-rate or special-rate child disability allowance or disability allowance or the higher-rate or special-rate pensioners' care allowance. Recipients of the pensioners' care allowance must additionally be under 65 years of age.

Discretionary rehabilitation. Kela can also provide, at its own discretion, other vocational and medical rehabilitation services than those described above, including such services as adaptation training, psychotherapy, institutional rehabilitation services and early rehabilitation measures geared to the requirements of a particular occupation.

An amount equalling at least four percent of the NHI contributions paid by the insured must each year be allocated for this type of rehabilitation services. Further resources for the purpose are allocated in the State budget. These funds can be used for, besides individual rehabilitation services, prevention, research and development efforts in the field of rehabilitation and disease prevention and, when required, for the activities of the rehabilitation institutions supported by Kela. Kela has implemented and continues to implement several development projects dealing with rehabilitation.

Compensation of the cost of rehabilitation services. Rehabilitation clients and rehabilitation service providers are entitled to compensation for necessary and reasonable costs out of the National Health Insurance. The costs incurred by the client's family member may be reimbursed as well.

Compensation of travel costs. Rehabilitation clients can get a refund for any necessary and reasonable expenses they incur when travelling to and from the rehabilitation site. The rules governing the compensation of travel costs are identical to those applied in the National Health Insurance scheme.

Statistics. Starting with 2005, the costs of rehabilitation-related travel are no longer included in the rehabilitation statistics. Such costs are now being reimbursed out of the National Health Insurance and are therefore included in the NHI statistics.

Rehabilitation allowance

Persons who are permanently resident in Finland and insured under the Health Insurance Act are eligible for the rehabilitation allowance. It can also be paid to employees and self-employed persons who will be working in Finland for an uninterrupted period of at least 4 months. Under certain conditions, the rehabilitation allowance can also be paid during rehabilitation provided abroad.

The following benefits are available: the rehabilitation allowance proper, the means-tested rehabilitation assistance payable during the post-rehabilitation period, and the maintenance allowance (also means-tested).

The rehabilitation allowance is paid in connection with rehabilitation services arranged by Kela, or by the primary health care, social services or occupational health care sector.

The rehabilitation allowance is payable to rehabilitation clients aged between 16 and 67 for the duration of a rehabilitation programme which prevents them from working. It is only paid if the object of rehabilitation is the client's remaining in, or entry/re-entry into employment.

In order to promote employment and the success of vocational rehabilitation measures and to decrease the likelihood of disability pension, young persons aged 16–19 whose capacity for work is diminished are eligible for a rehabilitation allowance.

For the duration of the recipient's participation in a rehabilitation programme, the rehabilitation allowance is paid for each weekday. It is not paid during the waiting period. The length of the waiting period depends on the type and duration of the rehabilitation programme.

In the majority of cases, the rate of the rehabilitation allowance is determined in the same way as the sickness allowance. A fixed minimum rate (15.20 euros per day in 2007) is paid in cases where the allowance would otherwise be less than that amount. Unlike the sickness allowance, the rehabilitation allowance is not conditional on a waiting period of 55 days.

If rehabilitation allowance is paid to a person who has, within the previous 4 months, received unemployment allowance, labour market subsidy, training allowance, labour market training subsidy, study grant or employment subsidy, the rehabilitation allowance is equal to 86% of the preceding benefit plus 10%. If the person was paid rehabilitation allowance within the previous 6 months, the new rehabilitation allowance is at least equal to the previous allowance (not including any additional increases in its amount).

Rehabilitation allowance *during vocational rehabilitation* is equal to 75% of earned income as defined in the Health Insurance Act. This applies to all income categories and differs from the graduated scale approach used under the Health Insurance Act.

The rehabilitation allowance for young people aged 16–19 is payable at a fixed rate of 17.51 euros per weekday (2007).

A means-tested maintenance allowance (8.00 euros per day) can be paid to rehabilitation clients whose rehabilitation allowance does not exceed the minimum rate payable during vocational rehabilitation (17.51 euros per day as of 2007). The maintenance allowance is intended to defray some of the additional cost of participating in rehabilitation and to ensure participation in rehabilitation therapy.

The allowance is taxable income. Any allowances in payment are adjusted yearly to changes in the TEL index of earnings-related pensions. The allowances (including the minimum allowances paid to persons participating in vocational rehabilitation and to young persons undergoing rehabilitation) were increased by 2.2% in 2007 and by 2.4% in 2008. The rehabilitation allowances paid to pensioners are subject to different adjustment rules.

6 Benefits provided by Kela in respect of unemployment

6.1 Overview

The main unemployment-related benefits are the *unemployment allowance* and the *labour market subsidy*. (Unemployment pensions, which are being phased out, are discussed in the pensions section of this Yearbook.) The unemployment allowance is payable as either a basic allowance or an earnings-related allowance. The former is paid by Kela, the latter by unemployment funds. Kela also provides labour market subsidies. *Job alternation compensations*, whose purpose is to enable job-sharing arrangements, are paid both by the unemployment funds and by Kela. Labour market subsidy can be paid directly to *employers*, either by itself or in combination with the subsidies granted by the employment authorities to create job opportunities for the long-term unemployed. The combination subsidy was phased out at the end of 2007. New awards have no longer been made nor existing subsidies extended since 2006. The combination subsidy is replaced by a wage subsidy provided by the employment office.

Recipients of labour market subsidy are entitled to an additional maintenance allowance for each day they participate in *rehabilitative work activity*. Additionally, *travel allowances* are provided for persons who accept work outside their area of residence. The allowance is equal to the full labour market subsidy.

Those undergoing labour market training are eligible for one of two income security benefits, *the training subsidy* or the labour market subsidy. Both earnings-related and basic training subsidies are paid. The earnings-related subsidy is for members of unemployment funds. The basic subsidy and the labour market subsidy are paid by Kela.

Unemployed persons with a long work history are eligible for a *training allowance* in respect of self-motivated learning, which is equal to the unemployment allowance or labour market subsidy. Members of unemployment funds are entitled to a higher, earnings-related training allowance from their fund, while non-members receive a basic allowance from Kela.

The provision of unemployment allowances, labour market subsidies, and training allowances is governed by the Unemployment Allowances Act, while the Act on Labour Policy contains provisions for labour market training subsidies and maintenance allowances. Job alternation leaves are governed by a separate Act of Parliament.

The unemployment allowance is available to residents of Finland (and to EU/EEA nationals working in Finland). Certain international agreements on social security signed by Finland also include provisions on unemployment benefits. The labour market subsidy is available exclusively to residents of Finland.

Coverage for unemployment benefits is governed by the Unemployment Allowances Act.

Basic unemployment allowance

Eligibility. The basic unemployment allowance is payable to unemployed persons aged 17–64 who have registered with an employment office, are seeking full-time employment, and satisfy the so-called employment condition. Further, recipients must be fit for work and available for employment. Persons aged 65–67 may also qualify provided certain conditions are met.

Employed persons are subject to two alternative *employment conditions*:

- Persons who have not previously been on unemployment allowance must have had at least 43 weeks of employment during the last 2 years and 4 months.
- Persons who have previously received unemployment allowance must have had at least 34 weeks of employment during the last 2 years.

Self-employed persons are considered to satisfy the condition if, during the 4 years preceding unemployment, they have run their own business for at least 2 years on a more or less full-time basis.

Periods of employment completed in other EU/EEA countries are also fully credited but usually not until the person concerned has worked in Finland for at least four weeks.

The basic unemployment allowance is paid to non-members of an unemployment fund for a maximum of 500 days of unemployment. The full 500-day entitlement is restored if the recipient again satisfies the employment condition (i.e. is employed for at least 34 weeks within a period of 2 years). Unemployed persons born before 1950 who are aged 57 or more upon exhausting their right to the allowance get an automatic extension to the age of 60. Unemployed persons born in 1950 or later who are at least 59 years old upon reaching the entitlement maximum are paid basic unemployment allowance until the age of 65 years. Additionally, they must have been employed for at least 5 years during the previous 20 years.

Payment of the basic unemployment allowance begins once the unemployed person has been registered with an employment office as seeking employment for seven days.

Employees dismissed on economic or production-related grounds (or those who have resigned after having been laid off for an uninterrupted period of at least 200 days) are eligible for a higher basic unemployment allowance that includes an employment programme supplement or an increment. Eligibility for the employment programme supplement requires the drafting of a personal re-employment programme and an employment history of at least 3 years. The increment is available to persons who have been employed for at least 20 years. It is possible to be eligible for both, but the supplement and the increment can only be paid consecutively, with the employment programme supplement taking precedence. The employment programme supplement and the increment are available for up to 185 and 150 days, respectively. They are stopped if the recipient reaches the 500-day entitlement maximum.

Amount of the basic unemployment allowance. The full basic unemployment allowance was at year-end 2007 payable at a rate of 23.91 euros per day. It is increased for dependent children. At the end of 2007, the child increase was, for one child, 4.53 euros, for two children, 6.65 euros, and for three or more children, 8.58 euros per day. The employment programme supplement and the increment were paid at a rate of 4.11 euros per day in 2007. Basic unemployment allowance is payable for up to five days per week.

Basic unemployment allowances are not means-tested. The allowance can only be reduced by the recipient's own earned income and certain social benefits paid to the recipient. The amount of the social benefits is deducted from the full allowance.

The basic unemployment allowance is taxable income. The rates of the allowance and the accompanying increase for children are adjusted yearly to changes in the cost-of-living index.

Labour market subsidy

The purpose of the labour market subsidy is to guarantee the subsistence of unemployed persons during job search and during participation in employment promotion measures.

Eligibility. Cash labour market subsidy is payable to unemployed persons who have received basic or earnings-related allowance *for the maximum period allowed* (500 days) or are not entitled to unemployment allowance by reason of *not satisfying the employment condition*. A demonstrated need of financial assistance is also required.

The benefit is payable to unemployed persons between 17 and 64 years of age who have registered with an employment office, seek full-time employment, and are fit and available for work. New, tougher eligibility conditions have since been imposed on young persons. For example, to be eligible for labour market subsidy, unskilled persons between 17 and 24 may not decline a job or training offer or choose not to apply for vocational training.

Labour market subsidy is payable as soon as the claimant has been registered as an unemployed jobseeker for a waiting period consisting of 5 workdays. There is no waiting period if unemployment allowance was previously paid for the maximum period of 500 days and is immediately followed by the labour market subsidy.

First-time entrants to the labour market must complete a five-month waiting period, except if they have recently graduated from a vocational institution. No limits apply as to the maximum length of payment. (See Table B.)

Turning down or resigning from a job, training opportunity or other employment promotion measure disqualifies the recipient temporarily for the labour market subsidy. Persons who have received labour market subsidy for 500 days or more (or 180 days or more if they previously received basic unemployment allowance for the maximum period) will lose their eligibility if they turn down or are dismissed for cause from a job or a labour market policy measure. Eligibility is regained if they have been employed or have participated in a labour market policy measure for at least 5 months.

Amount of the labour market subsidy. The full rate of the labour market subsidy at year-end 2007 was equal to the basic unemployment allowance, or 23.91 euros per day. Increases for children were payable at rates of 4.53, 6.65 or 8.58 euros per day depending on the number of children. If paid in respect of travel costs, labour market subsidy is always paid at the full rate. Unlike the basic unemployment allowance, labour market subsidy is means-tested, but means-testing is waived

- during the first 180 days for persons having exhausted their eligibility for unemployment allowance
- for recipients aged 55 or more who, at the time they become unemployed, satisfy the employment condition and
- during any period in which the recipients participate in measures supporting their integration into the labour market that have been arranged by the employment authority (labour market policy measures), as well as during rehabilitative work activity.

Recipients who live with their parents and who do not satisfy the employment condition get a so-called partial labour market subsidy calculated by reference to their parents' combined income. If the parents' monthly income is 1,781 euros or less (as of 2007), the labour market subsidy is paid at the full rate. Otherwise the subsidy is proportionately reduced but never below 50% of the full rate. Persons participating in an active labour market policy measure or rehabilitative work activity get the full subsidy.

The means-test is applied to the recipients' own income and (as at year-end 2007) their spouse's income exceeding 536 euros a month. The full labour market subsidy was available in 2007 if the combined monthly income of the recipient and his or her spouse was less than 848 euros (or in the case of single recipients, 253 euros). This amount was raised by 106 euros for each dependent child.

Any income exceeding these limits reduced the benefit with 50% or 75% of the excess being deducted from the benefit (depending on whether the recipient has dependants). For example, no labour market subsidy was payable to single persons with a monthly income of 923 euros or more.

The following benefits are disregarded for means-testing purposes: child benefit, housing allowance, conscript's allowance, life annuity payable under the Military Injuries Act, additional amount of a spouse's pension, income support and compensation for additional expenses arising from a handicap or injury. Also disregarded are any child home care allowances paid to the recipient's spouse, if the spouse stays at home to look after a child and is not eligible for unemployment benefits because of the simultaneous receipt of a maternity, paternity or parental allowance.

The amount of the labour market subsidy is further affected by the same social benefits as in the case of the basic unemployment allowance. The benefits are deducted from the full labour market subsidy.

The labour market subsidy is taxable income. The rates of the subsidy and the accompanying increase for children are adjusted yearly to changes in the cost-of-living index. Other relevant amounts are adjusted in line with significant changes in the general level of wages.

Employment promotion measures. Integration of unemployed persons in the labour market is supported by means of labour market policy measures, rehabilitative work activity, and travel allowances accompanied by a combination of wage subsidy and labour market subsidy. Labour market policy measures include labour market training, on-the-job training, rehabilitation, vocational guidance and preparatory training for working life arranged by the labour administration.

Labour market training. Unemployed persons who undergo labour market training but do not satisfy the condition regarding prior employment or have exhausted their entitlement to unemployment allowance, are paid labour market subsidy instead of training subsidy, and are also eligible for a maintenance allowance.

Maintenance allowance (8 euros per day as of 2007) is paid in respect of transportation costs and other expenses of living incurred during training. An *increased maintenance allowance* (16 euros per day as of 2007) is paid to persons undergoing out-of-area training. Maintenance allowance is provided under the same terms and at the same rate as the corresponding allowances paid to persons undergoing labour market training. It is payable also to recipients of a reduced or adjusted labour market subsidy.

The maintenance allowance is tax-free income.

On-the-job training and preparatory training for working life. Young people under 25 years who are without vocational skills and receive labour market subsidy may be referred to on-the-job training by the employment authorities in order to promote their labour market integration and job placement prospects. Persons who are over the age of 25 or have vocational qualifications can choose to have the employment authorities refer them to preparatory training for working life.

During such training, persons receiving labour market subsidy are eligible for an additional maintenance allowance. Maintenance allowance is also payable to long-term unemployed persons who participate in on-the-job training. Long-term unemployment is defined as having received basic unemployment allowance for the maximum period possible (500 days) or, alternatively, labour market subsidy on account of unemployment for a total of 500 days. Maintenance allowance is payable on the same terms and at the same rate as the allowance available to persons receiving training subsidy.

Rehabilitative work activity. An individual activation plan must by law be drafted for each recipient of labour market subsidy or living allowance. Drawn up collaboratively by the local authorities, the employment office and the client, the plan can consist of a variety of different activation measures, including rehabilitative work activity, which is organised by the local authorities.

An activation plan must be drawn up once an unemployed person has received labour market subsidy for a considerable period of time. Persons under 25 years of age are required to participate in rehabilitative work activity (if provided in their activation plan), whereas participation is optional for those over the age of 25.

By mutual agreement, the duration of rehabilitative work activity can be fixed at anywhere between 3 and 24 months, with 1–5 days consisting of at least 4 hours of activity per day.

During participation in rehabilitative work activity, clients receive labour market subsidy under the same terms as those participating in a labour market policy measure, which means that the benefit is not means-tested or reduced if the recipient lives with his/her parents. For each day of participation, the clients also receive a tax-free maintenance allowance (8 euros per day as of 2007).

Any travel costs incurred by a person participating in rehabilitative work activity are covered by the municipality as part of the living allowance package.

The maintenance allowance is tax-free income.

Travel allowance. Labour market subsidy can be paid in the form of a travel allowance to an eligible person who accepts an offer for full-time employment lasting at least two months outside his/her regular area of employment. The determination whether to provide a travel allowance is made by the employment office.

Labour market subsidy paid as a travel allowance is equal to a full labour market subsidy, including any increments for children, and is payable for up to four months. If the recipient resigns or brings about his/her dismissal before completing the required six months of employment, the benefit must be paid back.

Job alternation compensation

Job alternation leave is an arrangement in which an employee who is employed at least 75% of what would be considered full-time employment, based on an agreement with his or her employer, goes on leave for a specified period from his or her regular job, and the employer hires an unemployed person as a replacement. The employee on job alternation leave is entitled to a special compensation.

In order to go on a subsidised job alternation leave, employees must have held a job with the same employer for at least a year and have a total employment history of at least 10 years (for details on changes effective from 1 January 2008, see appendix 4). Periods spent on parenthood allowance or child care leave or in conscript service count towards the employment history. If a person has previously been on job alternation leave, eligibility is renewed after 5 years have elapsed since the previous leave. Employees on job alternation leave are guaranteed the right to return to their regular or comparable job. The job alternation legislation will expire at the end of 2009, and the leaves granted must be taken before the end of 2010.

The leave must be taken in a continuous period of at least 90 but no more than 359 calendar days.

The job alternation compensation is equal to 70% of the unemployment allowance which the claimant would receive were he or she unemployed. For persons with a long employment history, the compensation rate is 80%. The full compensation paid by Kela in 2007 amounted to 16.74/19.13 euros per day respectively at the 70% and 80% compensation rates.

The compensation is subject to tax.

Labour market subsidy paid to employers in combination with a wage subsidy

Employers who hire a long-term unemployed person can be paid labour market subsidy either by itself or together with a wage subsidy from the employment office. Regarded as long-term unemployed are persons who have received unemployment allowance for the maximum period possible (500 days) or labour market subsidy on account of unemployment for 500 days. This arrangement was phased out at the end of 2007. New awards have no longer been made nor existing subsidies extended since 2006, following the introduction of a wage subsidy paid by employment offices.

Labour market training subsidy

The aim of labour market training is to improve the chances of people of working-age to maintain or regain their position in the labour market. The main types of training provided are further vocational training and skills upgrading.

Eligibility. The basic training subsidy and the various supplemental allowances are payable to persons over the age of 17 who have been accepted for a training course commissioned by employment authorities.

Further, it is required that the employment condition (see section on basic unemployment allowance) was satisfied when employment ended or studies began and that the beneficiary had not been in receipt of unemployment allowance for the maximum time allowed. Persons who do not fulfil these requirements get *labour market subsidy* during the training course.

The benefits are payable also to foreign nationals attending a training course paid for by Finnish employment authorities. Further, they can be awarded in respect of foreign studies, provided they are financed by a Finnish authority.

Employees dismissed for financial or production-related reasons can be paid an additional employment programme supplement or increment with their training subsidy (just as with the basic unemployment allowance).

Rates of the benefits. At its full rate, the *basic* subsidy is equal to the basic unemployment allowance (at year-end 2007, 23.91 euros per day). Child increases are payable in the same way as with the unemployment allowance.

If a student's monthly income exceeds 127 euros (as of 2007), the basic training subsidy is reduced by 80% of the amount exceeding the limit.

A maintenance allowance is payable in respect of travel and other recurring expenses incurred while studying. Persons participating in out-of-area training are eligible for an *increased maintenance allowance*. If training is provided "in-area", i.e. within the trainee's primary geographic area of employment yet outside his/her home municipality, maintenance allowance is only provided on evidence of accommodation expenses. Maintenance allowance is payable also to persons who receive basic training subsidy at a reduced rate. As of 2007, the regular maintenance allowance and the special increased allowance were paid at a rate of 8 euros and 16 euros per day, respectively.

The benefits described above are paid for a maximum of five days per week. The basic subsidy is taxable income, but the maintenance allowance is free from tax. The basic subsidies are adjusted to changes in the overall wage and salary level, in the same way as the basic unemployment allowances.

Training allowance

Unemployed persons with a lengthy work history are eligible for financial support for self-motivated learning, which makes it possible for them study full-time without suffering a financial loss. The training or studies they choose must be of a kind that improves their vocational skills and employability. A training allowance equal to the unemployment allowance or labour market subsidy is provided to secure the trainees' livelihood. The earnings-related allowance is paid by unemployment funds and the basic allowance by Kela.

Eligibility. Under the rules in effect until the end of 2007, recipients must

- have been registered with the employment office as unemployed and seeking employment;
- enrol in a full-time training programme comprising at least 20 credits that is designed to upgrade their job skills and employability;
- have received unemployment allowance or labour market subsidy for at least 65 days during the year preceding the training (except if the training is part of their personal re-employment programme); and
- have a sufficient work history (earned at least 10 years' worth of credits for employment pension). The following periods also count towards the work history: parental leave, child care leave, national service and incapacity for work.

The training allowance is payable to residents of Finland only.

Amount and length of payment. The training allowance is equal to the recipient's previous unemployment allowance or labour market subsidy. It can include increases for children but no maintenance allowance. Employees dismissed for financial or production-related reasons are eligible for an employment programme supplement or increment with their training allowance (just as with the basic unemployment allowance).

Any other income (earnings, social welfare benefits) which the recipient gets during the training reduce the training allowance in the same way as they would affect the basic unemployment allowance or labour market subsidy. Unlike the labour market subsidy, the training allowance is however not subject to a spousal income test, and recipients living with their parents do not suffer a reduction in their allowance.

The training allowance can be paid five days a week for up to 500 days. Any days on training allowance decrease the recipient's total (500-day) entitlement to unemployment allowance. The maximum combined entitlement for unemployment allowance and training allowance was 565 days under the 2007 rules.

The training allowance is available one time only and only for one course of training. To regain their eligibility, claimants who have already received it once must again meet the specified qualifying conditions. The training allowance is taxable income.

Statistics

In the unemployment benefit statistics, cross-section analyses (number of recipients at the end of the month) refer to the last workday in a month.

6.2 Integration assistance for immigrants

Under an Act of Parliament, integration assistance is available to immigrants who are resident in Finland within the meaning of the Municipality of Residence Act.

Immigrants who register with an employment office as an unemployed jobseeker or who apply for a living allowance are during their first three years in Finland eligible for integration assistance, provided an *integration plan* is drawn up jointly by the immigrant, the municipality and the employment office. The plan sets out a strategy for helping the immigrant and his or her family acquire the knowledge and skills needed for a successful integration. During their first three years in Finland, immigrants are not eligible for the labour market subsidy except when it is paid as integration assistance. The three-year eligibility period can be extended under certain circumstances. It is extended as a matter of course if an immigrant does not qualify for labour market subsidy payable in the form of integration assistance on account of receiving parenthood allowance or special care allowance.

The purpose of integration assistance is to secure the immigrants' livelihood while the integration plan is being carried out. The assistance consists of a labour market subsidy provided by Kela and a possible living allowance granted by the municipal authorities. If the immigrant does not satisfy the eligibility requirements for the labour market subsidy, the integration assistance can consist entirely of a living allowance.

To qualify for integration assistance, immigrants must have a demonstrable need for financial assistance and comply with the integration plan. Failure to comply with the plan disqualifies the immigrant for the labour market subsidy component of the assistance.

The labour market subsidy provided under the integration assistance scheme is paid at the same rate as the regular subsidy. Similarly, it can include an increase for children, and the benefit is reduced if the recipient lives with his or her parents. During labour market policy measures, means-testing is suspended and the benefit is not reduced even if the recipient lives with his or her parents. A maintenance allowance may also be available. The subsidy is adjusted to other income and benefits just as the regular labour market subsidy.

The labour market subsidy paid under the integration assistance scheme is taxable income. The maintenance allowances are free from tax.

7 Benefits provided by Kela for families with children

In 2007, Kela paid the following benefits for families with children: maternity grant, adoption grant, maternity, paternity and parental allowances, child day care subsidies, special care allowance, child disability allowance, orphan's pension and child increases to pensions and unemployment-related benefits. This chapter deals with the maternity grant, child benefit and child day care subsidies. Being governed by the Health Insurance Act, the maternity, paternity and parental allowances and the special care allowance are discussed in chapter 4. The child disability allowance is addressed in chapter 3, while the orphan's pension and the increases to pensions payable in respect of children are dealt with in chapter 2 and the child increases to unemployment-related benefits in chapter 6.

7.1 Maternity grant and child benefit

Basic eligibility criteria. Maternity grant can be paid to female residents of Finland. Child benefit is paid in respect of children resident in Finland. Whether a certain individual is considered to be resident in Finland is decided on the basis of the Act respecting the Application of Residence-Based Social Security Legislation. The EU provisions and international social security agreements cause certain exceptions to the eligibility rules for residence-based benefits.

Maternity grant. The aim of the maternity grant is to promote the health and well-being of the mother and child. The grant is payable to women whose pregnancy has lasted at least 154 days and who have undergone a medical examination before the fourth month of pregnancy. Maternity grant is available for adoptive children under the age of 18.

Parents who adopt a child from abroad are entitled to an *adoption grant* that is provided under the same eligibility criteria as the maternity grant. Its purpose is to defray some of the cost of international adoption. Unless otherwise indicated, the term "maternity grant" refers both to maternity and adoption grants in this Yearbook.

The grant is awarded either as a *lump-sum cash benefit* or a *box containing child care essentials* (maternity pack). The 2007 rate of the cash benefit was 140 euros. The maternity and adoption grants are not subject to tax.

Unlike the maternity grant, the amount of the adoption grant varies according to the country from which the child is adopted. The following lump-sum amounts applied in 2007:

Estonia	1,900 €
China and Colombia	4,500 €
Other countries	3,000 €.

If several children are adopted at the same time, an amount equal to 30% of the full adoption grant is provided for each additional child.

Maternity grant is paid at a higher rate in the event of multiple birth. The amount is doubled for the second child, tripled for the third child, etc. Any combination of maternity packs and cash grants is possible.

Child bnefit. Child benefit is intended to help with the cost of providing for a child under age 17. Its rate depends on how many children eligible for child benefit there are in the family. The 2007 rates of the child benefit were

for first child	100.00 €/month
for second child	110.50 €/month
for third child	131.00 €/month
for fourth child	151.50 €/month
for fifth and each additional child	172.00 €/month.

Child benefit is increased by 36.60 euros a month (2007) for each child in a single-parent family. The single-parent increase was raised to 46.60 euros on 1 January 2008.

Child benefit free from tax. The Council of State is authorized to raise child benefit in line with cost-of-living increases.

7.2 Child day care subsidies

The aim of the child day care subsidies scheme is to assist families with their child care costs. The child home care and private day care allowances provided under the scheme are intended as an alternative to municipal day care.

Child day care subsidies are provided under a specific Act of Parliament implemented by Kela.

In addition to the benefits prescribed by law, municipalities are free to grant residents additional assistance with their child care costs in the form of a municipal supplement. Some municipalities pay the supplement by themselves while others have an agreement with Kela whereby Kela pays the supplements along with the statutory benefits.

Main eligibility conditions

The private day care allowance and the partial care allowance are only available for children who are living in Finland and whose day care is not arranged by the municipality. This is in contrast to the home care allowance, which is available also for children who live in another EU/EEA country or Switzerland (for example when an employee is sent by a Finnish company to work in another EU/EEA country or someone from another EU/EEA country comes to work in Finland).

Also eligible are children who one year before starting school attend a part-time pre-school class arranged by the municipality, children who start school one year early and children who start school one year early on account of extended compulsory education. Once their eligibility for parenthood allowance has ended, parents can choose between municipal day care and child day care subsidy. Payment of the subsidy ends at the latest on 31 July of the year in which the child starts school.

Types of subsidies available

The child day care subsidies are paid as either a home care allowance or a private day care allowance. A partial care allowance is also available. Previously, it was not possible to receive home care allowance and private day care allowance at the same time but the rules were amended on 1 April 2007 to allow this, provided they are being paid for different children.

Home care allowance. Payable to families with a child *under age 3* whose day care is not arranged by the municipality. Home care allowance is paid also for other children *under school age* whose day care has been arranged in the same way (and for children in the first year of school provided they are in extended compulsory education). The parents can either look after their child themselves or hire a private day care provider. The allowance is available immediately once parenthood allowance has ended. Payment of the allowance to a family with eligible children can continue until the youngest eligible child reaches the age of three. However, adoptive parents are eligible (since 1 April 2007) for home care allowance also for children aged 3 years or older, until two years have elapsed from the beginning of the payment of parental allowance until the child starts school, whichever is sooner.

The home care allowance can include a basic allowance and a supplement. The *basic allowance* is paid separately for each child, while the supplement is paid for one child only and is linked to family income and size. (See Table C.)

The *supplement* is payable at its maximum rate if the family's income is below a limit that varies with the size of the family. All taxable earnings and income from investments as well as most tax-exempt income are taken into account. For example, a family of four that at the end of 2007 had a monthly income of 1,700 euros or less would receive the maximum supplement. For a family of two, the corresponding income limit at year-end 2007 was 1,160 euros per month. The income limits starting from which a family of four is no longer eligible for 1) home care supplement and 2) private day care supplement, are 3,828.93 euros and 3,403.11 euros per month, respectively.

Private day care allowance. Payable to the day care provider the parents have chosen to look after their *under school-age child*. The allowance is paid for each child from the end of the parents' eligibility for parenthood allowance until the youngest child starts school. If the parents have a child under three, they can choose between home care allowance and private day care allowance.

The private day care allowance is paid directly to the day care provider, which can be either

- a person or organization licensed to provide child care services or
- a private individual whom the parents have hired to care for the child.

Private day care allowance can include a *basic allowance* and a *supplement*, payable separately for each child under school age. (See Table C.) It is linked to family income and size. The income criteria and limits are the same as those that apply to the home care allowance.

The child day care subsidies are taxable income. The private day care allowance is considered as taxable income of the day care provider. The subsidies are not adjusted annually to index changes.

Partial care allowance. Payable to a working parent or other provider of a *child under three* who works 30 hours or less a week in order to care for their child. Partial care allowance is also available to parents whose child *is starting school*. It is payable

- during the 1st and 2nd year of school
- during pre-school education, if the child is seven years of age and will start school one year late
- during the first three years of school, if the child is covered by the extended compulsory education attendance.

Partial care allowance can be paid at the same time as the private day care or home care allowance provided that the child is being looked after by a person other than his or her parents.

At year-end 2007, the partial care allowance was payable at a rate of 70 euros per month. It is taxable income.

8 General housing allowance and other assistance with housing costs provided by Kela

The general housing allowances scheme is governed by an Act of Parliament and a related decree as well as a Council of State Decree regarding the terms under which the allowance is determined.

The scheme is only one of the benefits provided by Kela towards housing costs. There are also provisions for *pension recipients, students, and conscripts and their dependants*.

Eligibility

The general housing allowance is intended to reduce the housing costs of low-income households. A *household* is considered to comprise all the persons, living in Finland, who share a home on a permanent basis. Persons with a familial relationship with the recipient (married or unmarried spouses, children, parents, grandparents and under-age siblings) are regardless of any other circumstances considered to belong to the household.

Students who are entitled to the housing supplement for students are for housing allowance purposes usually not regarded as a member of the household. Students who receive financial aid from abroad are not eligible for the general housing allowance.

General housing allowance is payable in respect of rental, right-of-occupancy and owner-occupied homes even if the recipients occupy their home as subtenants or have themselves subleased part of their home. The home must be habitable and located in Finland. Persons living with a student who is receiving students' housing supplement can get housing allowance for part of their shared home.

The general housing allowance is not awarded to households consisting of a single person or a married/cohabiting couple, who are entitled to the housing allowance for pensioners, nor to any household which includes a person receiving that benefit. Further, the general housing allowance is not awarded to students who are entitled to the housing supplement for students or to free lodging in a school dormitory.

In summary, students are covered by the general housing allowance scheme if they

- live in an owner-occupied home (which they or their spouse owns)
- share their home with a dependent child (their own or their spouse's)
- live with a parent who receives general housing allowance
- have been denied financial aid due to illness or lack of academic progress.

The need for housing allowance is determined by reference to the household's housing costs, combined income and assets.

Amount

The housing allowance covers 80% of reasonable housing costs exceeding a basic deductible (the amount which the household must in any case pay itself). The amount of the deductible depends on the location of the home, the size of the household and the household's gross annual income. The rates of the basic deductible are set yearly by the Council of State. Households whose income qualifies them for the full housing allowance are exempt from the basic deductible.

General housing allowance is normally recalculated once a year. A special recalculation is conducted if the household's monthly income or housing costs change significantly (the former having increased by at least 300 euros per month or decreased by at least 160 euros per month, the latter having increased or decreased by at least 50 euros per month), or if a subtenant moves in or out. If a household member starts or leaves school where he or she is eligible for the housing supplement for students, the amount of the general housing allowance is recalculated. Change of residence will also trigger a recalculation.

The recalculation is postponed by three months if a long-term unemployed person (who has received unemployment allowance or labour market subsidy for at least 12 months without interruption) is re-employed.

The general housing allowance is a tax-free benefit.

Housing costs. Housing costs are considered to include rent, maintenance charge or equivalent, and separate heating and water charges. In the case of a detached owner-occupied home, the maintenance costs are determined by means of a fixed scale of standard costs.

If one of the residents is a student who is entitled to housing supplement for students, the student's share of the household's housing costs is deducted for the purpose of calculating the amount of the general housing allowance.

In an owner-occupied home, 55% of the interest due on personal loans taken out to purchase or renovate the home is also taken into account as a housing cost. In a state-subsidised owner-occupied home, 80% of the annual payment or fixed interest on the loan is taken into account.

Housing allowance is payable in respect of "reasonable" housing costs. This means that there is a yearly adjusted ceiling on both housing costs and the size of the home. The maximum housing costs are further influenced by the location, age and size of the home, and the type of heating system used.

Income and property. In order to qualify for housing allowance, the regular monthly income of the household members may not exceed an amount determined yearly by the Council of State. Disregards apply for certain social benefits. If the combined assets of the household members exceed an amount set by the Council of State (in 2007: one-person household – 12,650 euros; household with six or more members – 25,250 euros), 15% of the excess is counted as household income. The home occupied by the household is, however, not taken into account.

9 Benefits for students provided by Kela

9.1 Financial aid

The student financial aid system is intended to secure the livelihood of students. The aid system is provided for in the Act on Student Financial Aid and other related legislation. It is implemented by Kela.

Basic requirements

For studies in Finland, student financial aid can be granted to Finnish citizens, employed persons from EU/EEA member states or from Switzerland and their family members, and others who are not Finnish citizens, provided that they are permanently resident in Finland in a capacity other than that of student.

For studies outside Finland, student financial aid can be granted to Finnish citizens and employed persons from EU/EEA member states or from Switzerland and their family members provided that they were domiciled in a Finnish municipality for at least two out of the last five years before the start of study. Additional conditions apply to persons from EU/EEA Member States or from Switzerland. Financial help with studies that take place outside Finland is given insofar as the studies correspond to Finnish studies that would be covered by the student financial aid provisions or alternatively form part of a Finnish degree programme.

Right to student financial aid

Student financial aid can be paid to those who study full time, make academic progress and are in need of financial support. The receipt of certain other benefits (e.g. pensions, unemployment allowance and labour market subsidy) can prevent the granting of student financial aid.

Student financial aid is available for *full-time post-comprehensive school studies*, including upper secondary school (but not upper secondary school for adults) and vocational education in other secondary-level educational institutions.

Financial aid for students is not available at the same time with certain other benefits. They include pensions (except survivors' pensions), unemployment allowance, labour market subsidy, job alternation compensation, labour market training subsidy, training allowance, adult education subsidy (government loan guarantees are available), rehabilitation allowance in respect of the same training, and full compensations for loss of income under employment accident, motor insurance or military injuries coverage. Financial aid is also not available during the performance of military or alternative service or during apprenticeship training. Finally, it cannot be paid at the same time as similar foreign benefits (since 1 November 2007).

Duration of student financial aid

Financial aid is available for a maximum of 70 months of higher education study. The maximum duration of aid available for a single higher education degree is the target degree completion time (in academic years) plus 10 months. This rule applies to students of universities and polytechnics having begun a programme of study in which academic progress is measured in credits on 1 August 2005 or thereafter. The target completion time is derived by dividing the total number of credits required for the degree by 60, which results in the average workload for one academic year.

Students in higher education who began their studies before 1 August 2005 are eligible for up to 55 months of financial aid per degree. In polytechnics, the maximum time for which financial aid is available for students having enrolled before 1 August 2005 is 55, 50 or 45 months, depending on the extent of the degree.

At vocational institutes, the time for which financial aid is available depends on how extensive the studies are. One additional year of aid is available. In upper secondary schools, the maximum aid period is four years.

Types of financial aid

Student financial aid is provided in the form of *study grants, housing supplements* and *state guarantees for student loans*. *Interest allowance* and *interest subsidy* are also paid on student loans granted under earlier student financial aid provisions. The interest allowance alone is available for newer loans. There is also a meal subsidy programme that subsidises school cafeterias catering to higher-education students.

Higher education students who enrolled in autumn 2005 or thereafter may be eligible for a tax deduction for their student loan debt.

Study grant. The amount of study grant depends on the age of the student, the type of accommodation, the student's family circumstances, the type of educational institution and the student's financial circumstances. Study grant is not awarded to those receiving child benefit.

The full amounts of study grant for the academic year 2007–2008 were as follows:

	Secondary level	Higher education
	€/month	
Students living in parental household		
– below 20 years of age	21.86	38.68
– aged 20 or over	63.91	105.96
Students living alone		
– below 18 years of age	84.09	126.14
– aged 18 or over	213.60	259.01
Students who are married or have maintenance liabilities	213.60	259.01

If the student lives in a home owned by or rented from his or her parents, and the home is located in the same building as the parents' primary home, the study grant will be paid at the rate applicable to students living in their parents' household.

The student's own income, and in certain cases parental income, is taken into consideration in determining the need for financial aid.

In determining the need for aid, the student's *personal income* during the entire calendar year is taken into account. For each month for which the student receives financial aid, he/she could in 2007 have up to 505 euros in other income (raised to 660 euros on 1 January 2008), and for each month without aid, up to 1,515 euros (1,970 euros from 1 January 2008). A personal annual income limit is calculated for each student based on how many months he or she has spent on and off financial aid in the calendar year.

Students must check that their income does not exceed the annual limit. A retrospective eligibility test is performed annually as soon as finalised tax data becomes available. In this test, students' personal income is checked against the annual income limit. If the income exceeds the limit, the student will have to repay some of the study grants and housing supplements he or she has received. Repayment following an overpayment recovery action will not restore any eligibility months to higher-education students.

Repayment of study grant or housing supplement paid in 2001 or thereafter:

- For each 1,010 euros of overpayment (1,310 euros from 1 January 2008), the student must repay one month's study grant and housing supplement, starting from the last calendar month of the year.

Parental income can either raise or reduce the study grant. For students under 18 or living at home, study grant can be *increased on the basis of the parents' lack of means*. On the other hand, if parental income exceeds the defined level the study grant for a secondary-level student under 20 will be *reduced*.

The study grant is taxable income. If the amount of study grant is 170 euros or more per month (as of 2007), tax is withheld at a rate of 10 percent.

However, a special tax deduction ensures that no tax is payable on the study grant if it is the sole source of income.

Housing supplement. The housing supplement scheme covers students attending a Finnish or foreign school who live in rental, right-of-occupancy or part-ownership housing except for students who

- live with their parents
- live with a dependent child (their own or their spouse's)
- live in a home owned by their spouse
- are entitled to free dormitory accommodation.

Students whose child or whose spouse's child lives with them are eligible for housing supplement for a home which has been rented for purposes of study and is located in a different town than the family's primary home. Students who are not entitled to housing supplement for students can apply for general housing allowance.

Housing supplement is 80% of the monthly rent or charge. Amounts in excess of 252 euros are not taken into account. Thus, the largest *amount* of housing supplement payable is 201.60 euros per month. Housing supplement for students studying abroad is generally 210 euros per month. For students living in a home owned by or rented from a parent, the maximum is 58.87 euros per month. The home can be located in the same building as the parent's primary home.

The housing supplement is determined individually even if the home is shared by several people, for example one or several recipients of housing supplement or general housing allowance, or persons not receiving any assistance with housing costs. The total housing costs are allocated individually by dividing them by the number of residents.

The amount of the housing supplement is affected by the student's own income, his/her spouse's income, and in certain situations by his/her parents' income. In terms of means testing rules, the student's *own income* is given the same consideration as in the study grant scheme.

In 2007, housing supplement was paid at the full rate to students whose spouse's income was 15,200 euros or less a year. For each 680 euros exceeding this limit, the housing supplement was reduced by 10%, and was not paid at all if spousal income was 22,000 euros or more.

Parental income may reduce the level of housing supplement awarded to a secondary-level student under 18.

The housing supplement is not subject to tax.

State guarantees for student loans. With some exceptions, students must be receiving financial aid in the form of a study grant to qualify for a state-guaranteed student loan. For information on loan guarantees granted as part of the adult education subsidy scheme, see section 9.3.

The *amounts* of state-guaranteed student loan per month on aid were as follows:

	School year 2007–2008 € per month
Students in higher education	300
Other students	
under 18 years old	160
18 years old or older	220
Students studying abroad	
higher education	440
other school	360

The loan guarantee is granted separately for each school year. It is not granted to students who have defaulted on previous loans which Kela as guarantor has then had to repay, or who have a blemish on their credit record (except where such blemish is small or the defaulted loan which caused it has since been paid off).

Applications for the state loan guarantee should be made to a bank. The interest rate and other terms of the loan are agreed between the student and the bank. Although the guarantee is given for the maximum amount of the loan, it is not necessary to take out the full amount.

Students must pay some of the interest on their student loan (at a rate of 1%) while still in school (this applies to loans granted for school year 2003–2004 or later). The rest of the interest is capitalised during the semesters for which a student receives financial aid and during the semester immediately following that in which a student last received financial aid. The entire interest is capitalised if the share payable by the borrower is less than 15 euros. All other interest obligations must be met by the student.

Students in higher education receive their loan amount in two annual instalments, as opposed to four, as is the case with students of other educational institutions. In certain cases, students can take out their annual loan amount in a single instalment.

The bank can demand that the loan be repaid immediately if the student fails to pay the interest or instalments. In the event that Kela has to repay the loan to the bank, Kela is entitled to reclaim the sum from the student.

Interest allowance and interest subsidy. Interest due on state-guaranteed student loans can under certain circumstances be paid entirely by the state without any repayment obligation on the part of the student *(interest allowance)*. The student must meet certain low-income criteria (see below), and sufficient time must have elapsed since the student last received financial aid. If interest payments are due while the borrower is performing national service, interest assistance is provided in the form of conscript's allowance.

Low-income criteria: the borrower's taxable income during the 4 months preceding the month in which the interest is due may not exceed an average of 775 euros per month (in 2007). If the borrower or his/her cohabiting spouse or partner have one or several children under 18, higher limits apply as follows: 895 euros (one child); 930 euros (two children); 985 euros (three or more children).

Interest subsidy can be paid on student loans granted under earlier student financial aid provisions (loans taken out by university and higher-education students before 1 June 1992 and by others before 1 July 1994).

The state pays part of the interest on interest-subsidised loans. The subsidy is paid during the study period and for about 11/2 years after the completion of studies. The interest subsidy is 1.8% and the maximum interest is calculated as the applicable base rate of interest plus a margin of up to 1.5 percentage points.

Student loan tax deduction. Higher education students who enrolled as attending in autumn 2005 or later are entitled to a tax deduction for their student loan debt for 10 years following graduation, provided they complete their degree within the target time and that the degree qualifies them for a tax deduction. The deduction is 30% of the amount of debt exceeding 2,500 euros. Eligibility for the deduction and its maximum amount are determined by Kela.

Meal subsidy. Higher-education students can buy meals at a subsidised price provided the school cafeteria participates in the meal subsidy programme. Kela pays the subsidy (1.67 euros in 2007) to the cafeteria operator who deducts it from the list price.

9.2 School transportation subsidy

The purpose of the school transportation subsidy is to help students of upper secondary schools and vocational institutes with the cost of commuting between home and school. The subsidy is also aimed at supporting public transport in low population density areas and reducing regional disparities in the level of assistance students can expect for their transportation costs. The school transportation subsidy scheme is implemented by Kela.

Eligibility for the school transportation subsidy extends to Finnish residents who study in a Finnish school. The subsidy is payable to students who either attend an *upper secondary school* or are in full-time *basic vocational training*. The subsidy is not granted to students who have free lodging or do not use public transportation or special school transportation even if they are available for trips to and from school. Finally, students who get assistance with their transportation costs from some other source are also not eligible for the school transportation subsidy.

The one-way trip between home and school must be at least 10 kilometres and the student's transportation costs more than a specified amount (54 euros per month in 2007). The subsidy covers the difference between the student's copayment (43 euros per month in 2007) and the actual costs. If the trip exceeds 100 kilometres, no subsidy is available for the kilometres above 100.

The subsidised transportation costs are calculated differently depending on whether the student uses Matkahuolto or VR, some other public transportation, transportation organised by the school, or some other mode of transportation. Public transportation and special school transportation are preferred, and special cause must be shown to have other modes of transportation subsidised.

School transportation subsidy is granted for one school year at a time and is paid for up to 9 months per school year. The minimum period of subsidy is one month. The subsidy is free from tax.

9.3 Loan guarantees in the adult education subsidy scheme

Working adults (both employees and self-employed persons) are eligible for an adult education subsidy provided as compensation for loss of income during education aiming at the attainment of a degree and during further vocational training or skills updating. Recipients of adult education subsidy who take out a student loan can have the loan guaranteed by the government.

Adult education subsidy is payable for those with an employment history of at least 5 years. The time for which the subsidy is available depends on the length of the employment history. For each month of employment, the length of time for which financial aid is available is prolonged by 0.8 days. The maximum duration of aid is approximately one and a half years. Until the end of 2006, the employment history was calculated on the basis of job references or other documentation. Starting from 1 January 2007, it is calculated by reference to earnings (i.e., by dividing the earnings by a wage coefficient, which is fixed annually). The adult education subsidy consists of a basic amount equal to 500 euros and an earnings-related part. It is subject to tax.

State guarantees for student loans. Students who receive adult education subsidy for a consecutive period of at least two months are entitled to a state guarantee for their student loan. The provisions of the Act on Student Financial Aid are applied, with the exception that recipients of adult education subsidy can get a loan guarantee even if the training programme they have chosen is not specifically covered by the Act. This scheme is administered by Kela.

The amount of the government loan guarantee granted under the adult education subsidy scheme is 300 euros per month. For studies outside Finland, the guarantee amount is 360 euros per month and for higher education abroad, 440 euros per month.

10 Other benefits provided by Kela

10.1 Conscript's allowance

The Conscript's Allowance Scheme is aimed at securing the livelihood of the *dependants* of conscripts (men performing mandatory military or alternative service and women performing voluntary military service) and at helping the *conscripts themselves* with housing costs. In certain situations, it is also possible to pay the interest due on student loans on behalf of conscripts.

The allowance is granted where it is apparent that performing the national service has made it more difficult for the conscript and his or her family to secure a livelihood and there is also a demonstrated need of financial assistance.

When paid to a dependant, the conscript's allowance can comprise a basic assistance, a housing assistance and a special assistance. When a conscript receives the allowance in his or her own right, the allowance can only comprise a cash housing assistance and help with the interest payable on student loans.

The full *basic assistance* is equal to a national pension paid at its maximum rate to a recipient living alone (at the end of 2007, 524.85 euros in municipalities with the higher cost-of-living rating and 503.53 euros in lower cost-of-living municipalities; the cost-of-living ratings were abolished at the beginning of 2008). The amount of the basic assistance is linked to the number of dependants. The assistance for the first dependant is 100%, for the second dependant 50% and for the third and each additional dependant 30% of the full assistance. Any additional income or assets that the conscripts or their families may have reduces the assistance (since the beginning of 2008, assets no longer count).

The *cash housing assistance* covers reasonable housing costs. The *special assistance* may be granted in respect of specific expenses such as medical care and home removals.

The conscript's allowance is tax-free. Rate adjustments are carried out in accordance with national pension rules.

10.2 Special assistance for immigrants

Special assistance for immigrants is intended to provide income security in respect of old age and disability to permanent immigrants to Finland. The assistance scheme is administered by Kela.

Special assistance for immigrants is available to persons who are legally and permanently resident in Finland (as defined under the Act on the Implementation of Residence-Based Social Security Legislation). Finnish citizenship is not a requirement.

The assistance is paid,
- in respect of *old age*, to immigrants 65 years or older
- in respect of *disability*, to immigrants aged 16–64 years.

In this context, 'immigrant' means a person who has lived in Finland for less than the period required to qualify for a full national pension but for a consecutive period of at least five years immediately preceding the granting of the assistance. The person must also be in demonstrable need of financial assistance.

The full rate of the special assistance for immigrants is equal to a full national pension. The 2007 rate applicable in the municipalities with the higher cost-of-living rating was 524.85 euros per month for single recipients and 503.53 euros per month for married or cohabiting recipients (the corresponding rates in lower cost-of-living municipalities were 463.28 euros and 445.12 euros per month, respectively. (The cost-of-living classifications were abolished at the beginning of 2008.) Strict income testing applies, and both the applicant's own income and assets and those of his or her spouse are taken into account. (Since the beginning of 2008, assets no longer count.)

Recipients of special assistance for immigrants are eligible for both pensioners' housing allowance and pensioners' care allowance. The amount of care allowance payable is proportional to length of residence in Finland (this rule was abolished at the beginning of 2008). The assistance is not subject to tax. It is index-adjusted at the same time and by the same amount as national pensions.

Statistics. Pensioners' care allowances and pensioners' housing allowances which are being paid to recipients of the special assistance for immigrants are included only in the pension statistics.

10.3 Pension assistance for the long-term unemployed

Introduced on 1 May 2005, the pension assistance for the long-term unemployed is intended to enable long-term unemployed persons to make a transition from the labour market subsidy to a pension assistance providing permanent income security or to full retirement. Recipients must be resident in Finland, which is determined according to the Act on the Implementation of Residence-Based Social Security Legislation.

Pension assistance for the long-term unemployed is available to persons born between 1941 and 1947

- who were entitled to the labour market subsidy as of the end of 2004 and had been unemployed for the entire preceding period of 12 months and
- who had by the end of 2004 received unemployment allowance for at least 500 days and labour market subsidy for at least 2,000 days, or, alternatively, had received labour market subsidy for at least 2,500 days.

Eligibility for the pension assistance ends when the recipient reaches the age of 62, after which he or she will be entitled to an old-age pension (from the national pension and/or the employment pension system) with no penalty for early retirement.

The pension assistance consists of separate employment and national pension components. The employment pension component comprises the employment pension accrued as of the end of 2004, while the national pension component is proportional to the amount of the employment pension. The provisions concerning national pensions apply to the latter component.

Recipients of the pension assistance may also be entitled to a housing allowance for pensioners and to an increase for children. The pension assistance is subject to tax. It is index-adjusted at the same time and by the same amount as national pensions.

Statistics. Old-age pensions granted under the pension assistance provisions are included in the pension statistics, as are the pensioners' housing allowances and child increases paid to recipients of the pension assistance.

11 Kela finance and administration

11.1 Finance

National Pension Insurance. National Pension Insurance benefits are financed mainly by the employers (through contributions levied on them) and the state (through payments earmarked for specific benefits).

In 2007, the *state* financed in their entirety the schemes providing survivors' pensions, front-veterans' supplements, general and child disability allowances, and housing allowances for pensioners, as well as 40% of national pensions.

Financing of National Health Insurance. The financing of the National Health Insurance underwent a major change on 1 January 2006 with the splitting up of the scheme into two components: earned income insurance and medical care insurance.

Earned income insurance includes sickness, parenthood and rehabilitation allowances as well as compensations to employers for the cost of occupational health care and holiday pay while the employee is in receipt of a parenthood allowance. The financing of these benefits is shared between employers (73%) and employees/self-employed persons (27% combined), with the exception of the sickness, parenthood, special care and rehabilitation allowances paid at their minimum rate, which are financed by the state. Employers are levied *contributions towards National Health Insurance* and employees and self-employed persons *contributions towards the daily allowances.*

Medical care insurance comprises the reimbursements provided by Kela for medicine expenses, for doctors' and dentists' fees, for examination and treatment charges and for travel expenses, as well as the expenditure on rehabilitation (except for the rehabilitation allowances), reimbursements of medical expenses for farmers, and reimbursements paid to Finnish Student Health Service and to social security organisations in other EU countries. The financing is shared equally between the insured and the state (reimbursements to other EU countries are paid entirely by the State). Employees, the self-employed and recipients of pensions or other benefits are levied *contributions towards medical care insurance.*

Contribution criteria. The contributions towards the daily allowances levied from employees and the self-employed are based on taxable income from employment/self-employment. Contribution rates for employees and for self-employed persons insured under the Farmers' Pension Insurance (MYEL) Act were 0.75% of income in 2007. The corresponding rate for self-employed persons insured under Self-Employed Persons' Pensions (YEL) Act was 0.91% of the income from self-employment. The contributions are tax deductible.

The contributions towards medical care insurance payable by the insured were levied in 2007 at a rate of 1.28% of earnings subject to local government tax (1.45% on pensions and other benefit income).

The rate of the contribution towards medical care insurance is fixed annually by an Act of Parliament. The rates of the contribution towards daily allowances and the health insurance contribution levied from employers are fixed annually by the Government.

The NPI and NHI Funds. National Pension Insurance and National Health Insurance are both financed according to the pay-as-you-go method, meaning that benefits are paid with the current year's revenues. A separate fund has been set up for each scheme.

The NPI and NHI funds must satisfy minimum liquidity requirements. At the end of each calendar year, the NPI fund, after provision for liabilities, must be at a level equal to at least 4% of the total scheme expenditure per year. The corresponding requirement for the NHI fund is 8% of annual expenditure.

In 2006, the state paid 555.2 million euros into the NPI fund in order to bring the fund up to the minimum required level. Starting with 2006, the state no longer pays liquidity guarantees into the NHI fund.

Other schemes administered by Kela. The following benefits were in 2007 financed entirely by the *stat*e: maternity grants, child benefits, conscripts' allowances, general housing allowances, student financial aid, school transportation subsidies, the special assistance for immigrants and the pension assistance for the long-term unemployed. The state also provided most of the financing for the benefits related to unemployment. Further, the state finances that part of the survey on farmers' working conditions and front-veterans' travelling expenses that NHI does not cover. The child day care subsidies are for the most part financed by *municipalitie*s. In 2006, for the first time, the municipalities also contributed to the funding of the labour market subsidies.

A share of unemployment insurance *contributions by wage earner*s, roughly equivalent to the amount of contributions paid by workers who do not belong to an unemployment fund, is used as an additional source of financing for the basic unemployment allowances.

Staff pension fund. To cover its liability for staff pensions and to pay current benefits, Kela has a staff pension fund replenished by contributions from both the employer and current employees. Under the current regulations, the fund must cover 41% of pension liabilities by the end of 2010.

11.2 Organisation and benefit administration

To provide clients with local access to its services, Kela operates out of 52 insurance districts, each of which is served by at least one full-service office. At year-end 2007, the number of client service locations maintained by Kela was 304, while multi-service offices established by Kela together with other state or local authorities existed in 152 communities around Finland. Kela also has five regional offices, each of which is responsible for its own insurance region.

Two central administration departments, the Pension and Income Security and the Health and Income Security Departments, carry out benefit administration functions and provide guidance to the branch offices. (Table D presents Kela's organisation.)

Benefit administration. Nearly all claims determinations are made by Kela branches, the only exceptions being disability pension determinations, reimbursement of medical expenses under EU legislation and certain matters related to occupational health care and student financial aid benefits.

Claims for *disability pension* are determined in the Pension and Income Security Department and certain claims for *employer-provided occupational health services* in the Health and Income Security Department. University and college students' applications for *student financial aid* are decided by local financial aid committees (not part of Kela), while part of the applications filed by students in *secondary education* are determined by Kela's Centre for Student Financial Aid.

Electronic document management is increasingly being used to balance workloads across branch offices.

National Health Insurance matters are handled by Kela branches as well as by workplace sickness funds.

The review and appeals process. The review and appeals process differs somewhat depending on which benefit is concerned. Since the beginning of 2007, the final court of appeal for all benefits is the Insurance Court. The avenue of appeal is in most cases two-tiered (See Table E). Kela can also rectify earlier decisions thus making an appeal unnecessary.

12 Analyses by region, type of disease and occupation

Regional analyses

In the present publication, the statistical analyses by region are based on the beneficiary's place of residence, except in the case of the regional statistics on the general housing allowance, which are based on the location of the home.

Analyses by type of disease

National Pension Insurance, National Health Insurance, disability benefits, and rehabilitation data are analysed also by type of disease.

The disease codes are from the tenth revision of the *International Classification of Diseases* (ICD-10).

The data are, as a rule, analysed by major diagnostic category; i.e.

I	Certain infectious and parasitic diseases
II	Neoplasms
III	Diseases of the blood and blood-forming organs and certain disorders involving the immune mechanism
IV	Endocrine, nutritional and metabolic diseases
V	Mental and behavioural disorders
VI	Diseases of the nervous system
VII	Diseases of the eye and adnexa
VIII	Diseases of the ear and mastoid process
IX	Diseases of the circulatory system
X	Diseases of the respiratory system
XI	Diseases of the digestive system
XII	Diseases of the skin and subcutaneous system
XIII	Diseases of the musculoskeletal system and connective tissue
XIV	Diseases of the genitourinary system
XV	Pregnancy, childbirth and the puerperium
XVI	Certain conditions originating in the perinatal period

XVII	Congenital malformations, deformations and chromosomal abnormalities
XVIII	Symptoms, signs and abnormal clinical and laboratory findings, not elsewhere classified
XIX	Injury, poisoning and certain other consequences of external causes
XX	External causes of morbidity and mortality
XXI	Factors influencing health status and contact with health services

For recipients of disability pension, the analysis by disease is based on the main diagnosis named in the pension application. Kela and the Finnish Centre for Pensions compile joint statistics on *all disability pension recipients* living in Finland and the diagnoses on which pension has been granted. Table 7 of the Yearbook shows all recipients of disability pensions according to diagnosis, while Table 9 shows the same information for new recipients of disability pension. Both tables are drawn from the joint statistics compiled by Kela and the Finnish Centre for Pensions.

Further data on diseases resulting in need of treatment or assistance are obtainable from *pensioners' care allowance* award records. Further, there are two additional benefits with restricted eligibility: the *child disability and general disability allowances*. The disease category is determined on the basis of the main diagnosis or the diagnosis identifying an entitlement to pensioners' care allowance or dietary grant for coeliac patients.

In the statistical analyses concerning *sickness* and *special care allowances*, the disease category is determined on the basis of the main diagnosis. Based on sample data up to 2003, these analyses are now based on aggregate data.

Special (72% or 100%) *refunds of medicine expenses* are paid to patients who have a statement from their doctor attesting to their condition and need of medication.

The diseases conferring entitlement to medicines in the 72% refund category are:

(201) chronic cardiac insufficiency, (202) connective tissue diseases, rheumatoid arthritis and comparable diseases, (203) chronic asthma and similar obstructive pulmonary diseases, (205) chronic hypertension, (206) chronic coronary heart disease, (207) chronic arrhythmias, (208) ulcerative colitis and Crohn's disease, (211) familial hypercholesterolemia, other severe familial disorders of lipid metabolism, (212) gout and (213) dyslipidemia associated with chronic coronary artery disease

Of the diseases belonging to the 100% refund category, the most important ones are:

(101) hypopituitarism, (103) diabetes mellitus, (104) thyroid insufficiency, (106) hypoparathyroidism, (107) pernicious anaemia, (109) multiple sclerosis, (110) Parkinson's disease, (111) epilepsy and comparable convulsive disorders, (112) severe psychotic and other severe mental disorders, (113) behavioral disorders associated with mental handicap, (114) glaucoma, (115) breast cancer, (116) prostate cancer, (117) leukaemia and malignant lymphatic diseases, (119) trigeminal or glossopharyngeal

neuralgia, (121) severe hypofunction of reproductive glands, (127) post-transplant management, (128) gynaecologic cancers, (132) sarcoidosis.

Pharmaceutical nutrients belong either to the basic or the 72% refund category.

In order to receive basic (42%) refunds for a group of medicines referred to as ’medicines with limited basic reimbursability’, patients must have a statement from their doctor attesting to the need for such medication.

Medicines are categorised according to the Anatomic-Therapeutic-Chemical (ATC) classification system, in which medicines are divided into various groups according to the bodily organ or system on which they act and their chemical, pharmacological and therapeutic properties.

Analyses by occupation and position

Occupational data on disability pension recipients is available only for *new pensions* paid out by Kela. It should be noted that persons receiving a pension from Kela may not be entitled to other pensions or their income from other pensions may be small.

The analyses of *sickness allowance recipients* by occupation and position are from Kela standing NHI sample, which includes information about the beneficiary’s occupation.

In the analyses of *basic unemployment allowance* and *labour market subsidy recipients* by occupation, manpower services records have been consulted.

The analyses by occupation of *recipients of rehabilitation services* provided by Kela are based on Kela records (all recipients over the age of 16 are required to give information about their occupation).

The codes used in this Yearbook stem from the *Nordisk yrkesklassificering* (the Nordic classification of occupations), slightly modified by Kela.

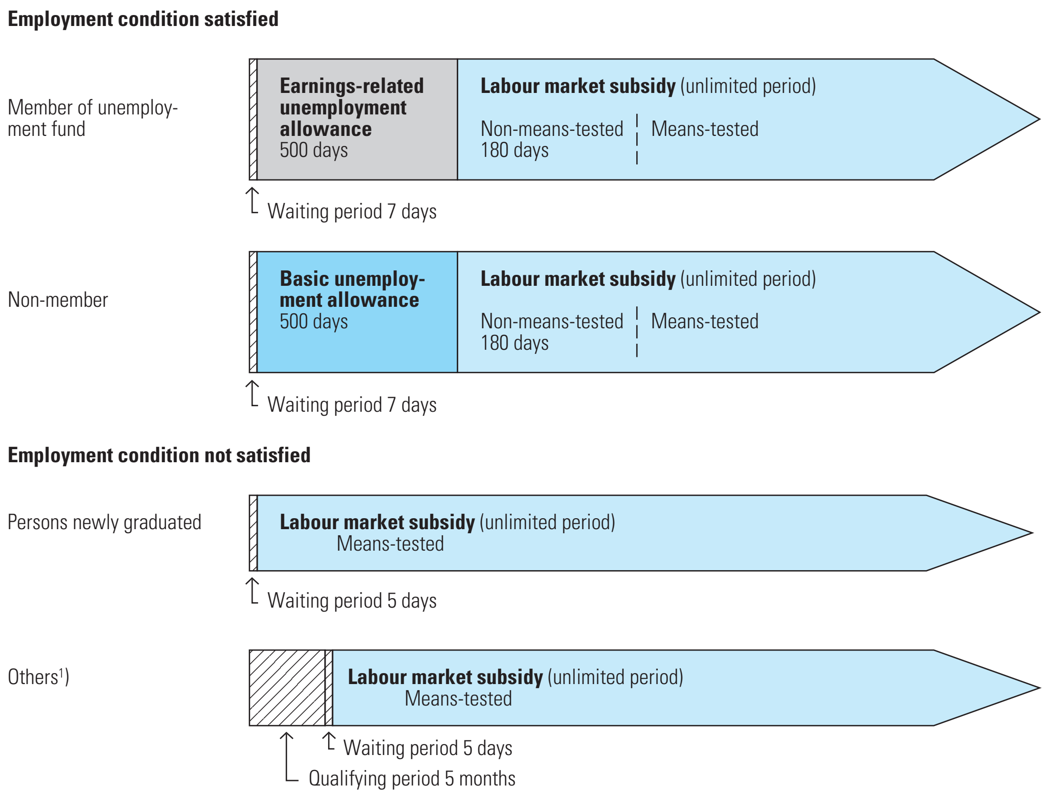
Occupation is classified according to a three-digit code, the first two digits indicating a person’s occupation and the third his or her position.

Kela records the claimant’s last occupation in employment (anybody who has worked for at least three hours a day four months a year has been put down as employed; anybody who has not worked for five years, as non-employed). The manpower services generally consult the job-seeker’s employment or training record.

Table A: Spouses' benefits under the Survivors Pensions Act: components by type of benefit and qualifying condition as at year-end 2007

Benefit	**Components**		
	Basic amount	Additional amount	Housing allowance
Spouse's initial pension	yes	yes (flat-rate part always payable; the rest means-tested)	yes (low income; amount of housing expenses)
Continuing pension for spouses with dependent children	yes	yes (low income)	yes (low income; amount of housing expenses)
Continuing pension for spouses w/o children	no	yes (low income)	yes (low income; amount of housing expenses)

Table B: Entitlement to unemployment allowance and labour market subsidy at year-end 2007



Days = Working days, 5 per week.

1) Special conditions apply to persons aged between 17 and 24.

Table C: Child day care: benefits and services available at year-end 2007

Home care allowance	Private day care allowance	Municipal day care
Child under age 3.[1] **Basic allowance** €/month ■ for one child under age 3 294,28 ■ for each additional child – under age 3 94,09[2] – under school age 60,46[2] **Supplement** (income related) ■ for one child only, up to 168,19 Parents not required to look after their child themselves.	Child under school age. **Basic allowance** €/month ■ for each child under school age 137,33 **Supplement** (income related) ■ for each child under school age, up to 134,55 Paid to the day care provider chosen by the parents.	All children under school age must be guaranteed access to whole-day care in a day care centre or with a family day care provider. **Day care fee** (depends on parents' income) €/month ■ maximum fee – for the first child 200 – for the second child 180 – for the third and each additional child, 20 % of the fee for the first child
Municipal supplement ■ availability, eligibility and amount varies by municipality	**Municipal supplement** ■ availability, eligibility and amount varies by municipality	

[1]) Since 1 April 2007, home care allowance can, under certain conditions, be paid adoptive parents also for children aged 3 years or over.
[2]) As from 1 April 2007.

Table D: Organisational structure of Kela as at 31 December 2007

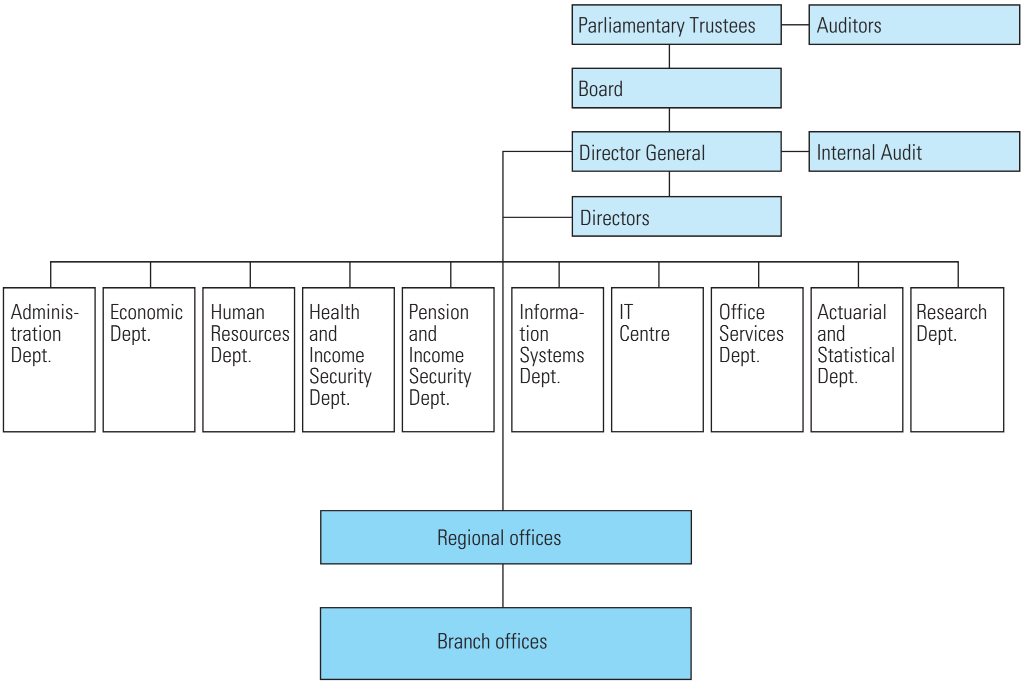


Table E: Review and appeals system for benefit schemes administered by Kela (at year-end 2007)

Pensions Disability benefits Health insurance benefits (incl. occupational health care) Rehabilitation benefits Maternity grant, child benefit and child day care subsidy General housing allowance Conscripts' allowance Special assistance for immigrants Pension assistance for the long-term unemployed	Social Security Appeal Board	Insurance Court
Unemployment benefits	Unemployment Appeal Board	
Student financial aid School transportation subsidy	Student Financial Aid Review Board	

Statistical products of Kela

The Social Insurance Institution (Kela) is one of the organisations responsible for implementing the Finnish social protection system. The schemes administered by Kela are primarily of the non-earnings-related type and cover the whole Finnish population.

The statistics compiled by Kela illustrate, in numbers, the role that social security plays in meeting the income security needs of people in different situations of life. In addition, they provide information about the level and prevalence of various benefits as well as about their regional and demographic distribution. The statistics are produced by Kela's Statistical Branch.

The latest statistical publications containing material in English and available on our website *www.kela.fi/statistics:*

- **Statistical Yearbook 2007 (Official Statistics of Finland)**

Trilingual (Finnish, Swedish, English) overview of the social security programmes administered by Kela. Includes statistics and programme summaries. Programmes not administered by Kela are also covered to the extent that they relate to Kela's own programmes. Contains data updated to the end of 2007.

- **Pocket Statistics 2008**

A concise version of the statistics compiled by Kela. Published yearly as separate booklets in Finnish, Swedish, English, German and French. The latest edition contains statistics from 2007 and, to some extent, from 2008.

- **Statistical Yearbook of Pensioners in Finland 2007 (Official Statistics of Finland)**

Includes statistics on the entire Finnish pensioner population and their aggregate pension incomes, as well as shows the prevalence of different combinations of national pensions and earnings-related pensions. Drawing upon the registries of both Kela and the Finnish Centre for Pensions, the Yearbook provides an overview of pension uptake and recipiency rates in Finland. The latest edition contains data from 2007. Trilingual (Finnish, Swedish, English).

- **Statistical Yearbook on Unemployment Protection in Finland 2007 (Official Statistics of Finland)**

Containing essential data on unemployment benefits provided by unemployment funds and by Kela, this publication offers a comprehensive look at Finnish income security for the unemployed. The trilingual Yearbook (Finnish, Swedish, English) is a collaboration between Kela and the Insurance Supervisory Authority. The latest edition contains data from 2007.

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